



# 中泛控股有限公司

CHINA OCEANWIDE HOLDINGS LIMITED

(formerly known as Hutchison Harbour Ring Limited)  
Stock Code: 715

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

HAN Xiaosheng (*Chairman*)  
LIU Bing  
LIU Hongwei  
LIU Guosheng

#### Non-executive Directors

QIN Dingguo (*Deputy Chairman*)  
ZHENG Dong (*Deputy Chairman*)  
ZHAO Yingwei  
QI Zixin

#### Independent Non-executive Directors

LIU Jipeng  
CAI Hongping  
YAN Fashan  
LO Wa Kei Roy

### AUDIT COMMITTEE

LIU Jipeng (*Chairman*)  
LO Wa Kei Roy  
ZHAO Yingwei

### REMUNERATION COMMITTEE

CAI Hongping (*Chairman*)  
YAN Fashan  
HAN Xiaosheng

### NOMINATION COMMITTEE

HAN Xiaosheng (*Chairman*)  
LIU Jipeng  
YAN Fashan

### COMPANY SECRETARY

LIANG Yanyu

### AUDITOR

PricewaterhouseCoopers

### BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Standard Chartered Bank (Hong Kong) Limited

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## CHAIRMAN'S STATEMENT

### CHANGE OF CONTROLLING SHAREHOLDERS

On 6 November 2014, immediately following the completion of the disposal of 6,399,728,952 shares of the Company by the former controlling shareholders to Oceanwide Holdings International Co., Ltd. ("Oceanwide International") pursuant to the sale and purchase agreement dated 6 November 2014, Oceanwide International became the controlling shareholder of the Company. Oceanwide International is the indirect wholly-owned subsidiary of Oceanwide Holdings Co., Ltd.\* 泛海控股股份有限公司 ("Oceanwide Holdings", whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000046)). Established in 1989, Oceanwide Holdings is a conglomerate listed company with businesses in real estate, finance and strategic investment in the Mainland China, Hong Kong and the United States. On 18 December 2014, upon the close of the unconditional mandatory cash offers (the "Offers"), Oceanwide International holds 6,419,461,847 shares of the Company, representing approximately 71.58% of the entire issued shares of the Company.

The Group is principally engaged in property investments in the Mainland China. Upon the close of the Offers, Oceanwide Holdings intends to continue developing the principal businesses of the Group. In the meantime, Oceanwide Holdings also intends to adopt the foundation and advantages it has formed worldwide including Hong Kong and Mainland China, to transform the Company from a single business line of property investment and management to a conglomerate investment holding company which would be a major listed entity and overseas integrated development platform of Oceanwide Holdings outside Mainland China through integration of resources, channels and reorganisation methods from various aspects in the capital market of Hong Kong subject to compliance with the regulatory rules.

### FINANCIAL RESULTS

The Group's consolidated profit attributable to shareholders for the year ended 31 December 2014 (the "year") was HK\$88.3 million (2013: HK\$174.7 million) and earnings per share for the year was HK0.98 cents (2013: HK1.95 cents). Excluding the one-off net realised foreign exchange losses of HK\$4.2 million (2013: the write back of provisions and deferred tax liabilities and others relating to the disposed subsidiaries in prior years totaling HK\$54.7 million), the recurring profit attributable to shareholders of the Company for the year was HK\$92.5 million (2013: HK\$120.0 million).



*Harbour Ring Plaza, Shanghai*

## CHAIRMAN'S STATEMENT

Revenue for the year amounted to HK\$94.4 million (2013: HK\$88.4 million) and earnings before interest expense and tax ("EBIT") for the year was HK\$120.0 million (2013: HK\$199.7 million). Excluding the one-off net realised foreign exchange losses of HK\$4.2 million (2013: the write back of provisions and others relating to the disposed subsidiaries in prior years totaling HK\$50.4 million), the recurring EBIT for the year was HK\$124.2 million (2013: HK\$149.3 million). The decrease in recurring EBIT was mainly attributable to the decrease in bond interest income, partially offset by the increase in rental income during the year.

### DIVIDEND

In order to reserve capital for the development and operation of the Group in the future, the board of directors (the "Board") of the Company does not recommend the payment of a final dividend for the year (2013: HK2.2 cents per share).

### BUSINESS OVERVIEW

The Property Division continued to contribute stable rental income and profit from its two office and commercial properties in Shanghai.

During the year, the Group continued to hold debt securities issued by subsidiaries of Hutchison Whampoa Limited ("HWL"). With the maturity of US\$143.0 million principal amount of debt securities issued by a subsidiary of HWL in January 2014, the Group further acquired from the market debt securities issued by a subsidiary of HWL at a consideration of HK\$65.5 million in December 2013 and HK\$491.0 million in 2014. These debt securities provide an effective interest yield of approximately 4% per annum, which is higher than the prevailing low interest yield offered by bank deposits. The fair market value on the principal amount of these debt securities with a principal amount of US\$81.0 million (31 December 2013: US\$163.0 million) held by the Group was HK\$678.5 million as at 31 December 2014 (31 December 2013: HK\$1,278.1 million).

### OUTLOOK

The Group has a healthy balance sheet and liquidity with cash, liquid funds and listed investments of HK\$3,605.0 million as at 31 December 2014 (2013: HK\$5,455.9 million). With such robust liquidity position of the Group and the support from the controlling shareholders, the management will analyse the existing businesses of the Group, Oceanwide Holdings and its holding company China Oceanwide Holdings Group Co., Ltd.\* 中國泛海控股集團有限公司 ("China Oceanwide") and conduct a research on the synergy effect in respect of business reorganisation and the possibility of injecting assets and/or businesses into the Group.

## CHAIRMAN'S STATEMENT

The Property Division is expected to continue contributing stable rental income and profit to the Group by maintaining satisfactory occupancy rates on its two properties in Shanghai. In the meantime, if suitable opportunity arises, the management may consider expanding into property development or property investment businesses in Mainland China and overseas so as to broaden the income sources of the Group.

Moreover, the management will actively explore investment opportunities in other industries so as to enhance the diversified development of the Group. The Group would consider to acquire assets and/or businesses (real estate, finance, energy, power and strategic investment are all included in the possible scope for consideration) from Oceanwide Holdings, China Oceanwide or third parties as and when appropriate, so as to build up the assets and profitability of the Group and enhance the return to the shareholders of the Company. In the long-term, the management expects the Group to become a conglomerate with businesses in real estate, finance, energy and strategic investment.

On behalf of the Board, I would like to express the Board's gratitude to all the staff for their hard work and dedication and to thank all our shareholders, business partners and customers for their continuous support.

**HAN Xiaosheng**  
*Chairman*

Hong Kong, 17 March 2015

\* *For identification purposes only*

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF OPERATIONS

#### Property Division

The revenue for the two office and commercial properties in Shanghai of the Property Division increased by 7% from HK\$88.4 million in 2013 to HK\$94.4 million in 2014. Excluding the write back of provisions and others of HK\$50.4 million in 2013, recurring earnings before interest expense and tax ("EBIT") increased by 8% from HK\$86.1 million in 2013 to HK\$93.2 million in 2014. The increase in revenue and EBIT were mainly due to improvement in occupancy rates and rental rates for the two properties. As at 31 December 2014, the average occupancy rate for the two properties was approximately 93%.

#### Corporate Division

EBIT for the Corporate Division amounted to HK\$26.8 million for the year 2014 (2013: HK\$63.2 million). Excluding the one-off net realised foreign exchange losses of HK\$4.2 million, the recurring EBIT reduced by 51% to HK\$31.0 million in 2014. The decrease in recurring EBIT was mainly attributable to the decrease in bond interest income upon the maturity of the US\$143.0 million principal amount of debt securities issued by a subsidiary of Hutchison Whampoa Limited in January 2014 which generated effective interest yield of 5% per annum.



*Harbour Ring Huangpu Centre, Shanghai*

### TREASURY MANAGEMENT

The primary treasury and funding policies of the Group focus on liquidity management and maintaining an optimum level of liquidity, while funding subsidiary operations in a cost-efficient manner. Operating as a centralised service, the treasury function manages the Group's funding needs and monitors financial risks, such as those relating to interest and foreign exchange rates, as well as counterparty.

During the year ended 31 December 2014, the Group did not enter into any interest or currency swaps or other financial derivatives transactions.

#### Interest rate exposure

The Group has no significant interest-bearing assets except for cash and bank deposits and the listed debt securities included under available-for-sale financial assets. The interest rates for the listed debt securities are fixed.

#### Foreign currency exposure

The Group's revenue and operating costs are denominated in Hong Kong dollars and Renminbi. The Group is exposed to other currency movements, primarily in terms of bank deposits and available-for-sale financial assets denominated in United States dollars.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Credit exposure

Surplus funds are to be managed in a prudent manner, usually in the form of bank deposits with financial institutions with good credit ratings. Credit ratings of financial institutions are regularly reviewed by the senior management in order to manage counterparty risk.

The Group's available-for-sale financial assets were listed in Singapore with credit rating of A3/A- as rated by Moody's and Standard & Poor's as at 31 December 2014.

### CAPITAL RESOURCES AND LIQUIDITY

As at 31 December 2014, the Group's total cash, liquid funds and listed investments amounted to HK\$3,605.0 million (2013: HK\$5,455.9 million), 77.8% of which were denominated in United States dollars, 22.0% in Renminbi and the remainder in various other currencies.

As at 31 December 2014 and 31 December 2013, the Group did not have any borrowings.

### CASH FLOWS

The Group has a healthy financial position. During the year ended 31 December 2014, net cash generated from operating activities and investing activities amounted to HK\$122.8 million (2013: HK\$111.2 million) and HK\$591.0 million (2013: HK\$59.5 million used in investing activities) respectively. Major outflow of funds during the year mainly included payments of dividends.

### CHARGES AND CONTINGENT LIABILITIES

The Group had not created any charges on its assets nor provided any guarantee as at 31 December 2014 and 31 December 2013.

### HUMAN RESOURCES

As at 31 December 2014, the Group employed 48 staff members (2013: 48). Total employee costs for the year ended 31 December 2014, including Directors' emoluments, amounted to HK\$17.2 million (2013: HK\$16.4 million).

The salary and benefit levels of the Group's employees are competitive and individual performance is rewarded through the salary and bonus system of the Group. Remuneration packages are reviewed annually during the year.

### PAST PERFORMANCE AND FORWARD LOOKING STATEMENTS

The performance and the results of operations of the Group contained within this Annual Report are historical in nature, and past performance is no guarantee for the future results of the Group. Any forward-looking statements and opinions contained within this Annual Report are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained within this Annual Report; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to the long-term sustainability of its businesses and the communities with which it engages. We pursue this business approach by managing our business prudently and executing management decisions with due care and attention.

### STAKEHOLDER ENGAGEMENT

Continuous dialogue is maintained with stakeholders that include customers, employees, regulators and the public. The Company seeks to balance the views and interests of these various stakeholders through constructive conversations with a view to charting a course for the long-term prosperity of the Company and the communities we touch.

#### Customers

Customer feedback plays a very important role in the operation of the Group. Various channels are established to maintain interactive communications between tenants and the Group.

#### Employees

Hard-working and dedicated employees are the backbone of a company. The Company treasures its loyal and industrious staff members. In addition, it adopts non-discriminatory hiring and employment practices and strives to provide a safe and healthy workplace.

#### Government/Public

Strenuous efforts are exerted to ensure compliance with the laws and regulations of the jurisdictions in which the Company operates. The public at large is also an important stakeholder of the Company. A stable and prosperous community is important to the steady growth and long-term future prospects of the Group.

### WORKPLACE QUALITY

As at 31 December 2014, the Group employed 48 staff members. Total employee costs for the year ended 31 December 2014, including directors' emoluments, amounted to HK\$17.2 million.

The quality of the employees of the Company is crucial to maintaining a leadership position in the market. With this in mind, the Company seeks to attract and retain talented individuals committed to achieving goals and objectives in a work environment that nurtures values such as fair play, respect and integrity. Heavy emphasis on career development translates into extensive and ongoing training, according to the needs of the Group. Compensation packages are competitive, and individuals are rewarded according to performance plus an annually-reviewed framework of salary, working conditions, bonuses and incentive systems. Benefits include medical cover, provident funds and long-service awards.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group is committed to providing a healthy and safe workplace for all its employees and complying with all applicable health and safety laws and regulations. Health and safety considerations are incorporated into the design, operations and maintenance of the premises of the Group. Employees are provided appropriate job skills and safety training and are educated with regard to their responsibilities for achieving the health and safety objectives of the Group. The Group also communicates with its employees on occupational health and safety issues.

### ENVIRONMENTAL PROTECTION

Energy saving measures are enforced in the Group's two office and commercial premises resulting in reduction of electricity consumption and greenhouse gas emissions.

Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

### OPERATING PRACTICES

The Group is committed to adhering to the highest ethical standards. All employees are given a Code of Conduct to which they are required to adhere. The Code explicitly prohibits employees from soliciting, accepting or offering bribes or any form of advantage. The Code also outlines the Group's expectations on staff with regard to conflicts of interest. All managers are expected to communicate and instill a culture of good corporate governance to their staff.

We are committed to offering quality services to our customers by satisfying their expectations and needs. Questionnaires are regularly sent to tenants in order to obtain feedback. Complaints are recorded and reviewed for determining preventive actions.

## INFORMATION ON DIRECTORS

### BIOGRAPHICAL DETAILS OF DIRECTORS

**Mr. Han Xiaosheng (韓曉生先生)**, aged 58, has been an Executive Director since November 2014 with a term of office for a period of three years and the Chairman and Chief Executive Officer since December 2014. He is also Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He is a senior accountant in the PRC, is currently the executive director and executive vice president of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the chairman of the board of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), and the director of Oceanwide Holdings (Hong Kong) Co., Limited. Mr. Han served as the vice chairman of the board and president of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司). Mr. Han obtained a Master's degree in Economics from Renmin University of China in July 1996.

**Mr. Liu Bing (劉冰先生)**, aged 57, has been an Executive Director since November 2014 with a term of office for a period of three years. He is currently the director, vice president, member of executive committee and chief risk management director of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the supervisor of Oceanwide Energy Holdings Co., Ltd.\* (泛海能源控股股份有限公司), the director of China Oceanwide Power Co., Ltd.\* (中國泛海電力有限公司), the chief financial officer of China Oceanwide International Investment Co., Ltd.\* (中國泛海國際投資有限公司), the chief financial officer of China Oceanwide USA Holdings Co., Ltd.\* (中國泛海美國控股有限公司), the director of Minsheng Securities Co., Ltd.\* (民生證券股份有限公司), the supervisor of Minsheng Wealth Management Co., Ltd.\* (民生財富投資管理有限公司) and the vice chairman of the supervisory committee in Minsheng Holdings Co., Ltd.\* (民生控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000416). Mr. Liu obtained his Master's degree in Business Administration from Sacred Heart University in the United States in August 1989.

**Mr. Liu Hongwei (劉洪偉先生)**, aged 48, has been an Executive Director since November 2014 with a term of office for a period of three years. He is currently the vice president of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the director of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), the director of Minsheng Holdings Co., Ltd.\* (民生控股股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 000416), the director of Oceanwide Holdings (Hong Kong) Co., Limited, the director of Minsheng International Investment Co., Ltd.\* (民生國際投資有限公司), the director of China Oceanwide Power Co., Ltd.\* (中國泛海電力有限公司), the director of China Oceanwide International Investment Co., Ltd.\* (中國泛海國際投資有限公司) and the independent non-executive director of CuDECO Limited, the shares of which are listed on Australia Stock Exchange (Stock code: CDU). Mr. Liu obtained a Bachelor's degree in Engineering from Dalian Ocean University (formerly known as Dalian Fisheries College) in July 1989 and a Master's degree in Management from Massey University in New Zealand in April 2006.

**Mr. Liu Guosheng (劉國升先生)**, aged 46, has been an Executive Director since November 2014 with a term of office for a period of three years and served as the Chief Financial Officer of the Company. Mr. Liu is a senior accountant in the PRC, is currently the director and chief financial officer of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), and the director of Oceanwide Holdings (Hong Kong) Co., Limited. Mr. Liu obtained a Bachelor's degree in Economics from Hangzhou Dianzi University (formerly known as Hangzhou Institute of Electronic Industry) in July 1991 and a Master's degree in Economics from Wuhan University in December 2008.

## INFORMATION ON DIRECTORS

**Mr. Qin Dingguo (秦定國先生)**, aged 63, has been a Non-executive Director since November 2014 with a term of office for a period of three years and Deputy Chairman since December 2014. He is a senior engineer in the PRC, is currently the executive director and executive vice president of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the chairman of the board of Oceanwide Energy Holdings Co., Ltd.\* (泛海能源控股股份有限公司) and the director of China Oceanwide Power Co., Ltd.\* (中國泛海電力有限公司). The State Council of the PRC granted special governmental allowance to Mr. Qin in 2005 in recognition of his outstanding contribution to the development of the Chinese electricity system. Mr. Qin is also the head Propagation of Science Expert in the national power generation engineering discipline in the Chinese Science and Technology Association. Mr. Qin graduated from the Department of Atmospheric Sciences of Nanjing University in February 1980.

**Mr. Zheng Dong (鄭東先生)**, aged 53, has been a Non-executive Director since November 2014 with a term of office for a period of three years and Deputy Chairman since December 2014. He is an electrical engineer in the PRC, is currently the director of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the vice chairman of the board and president of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), and the director of Oceanwide Holdings (Hong Kong) Co., Limited. Mr. Zheng served as the vice president of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司). Mr. Zheng graduated from Northeast Dianli University (formerly known as Northeast Dianli College) in April 1994.

**Mr. Zhao Yingwei (趙英偉先生)**, aged 44, has been a Non-executive Director since November 2014 with a term of office for a period of three years. He is also a member of the Audit Committee of the Company. Mr. Zhao is a senior accountant in the PRC, is currently the director, vice president and chief financial officer of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the vice chairman of the supervisory committee of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), the director of Oceanwide Energy Holdings Co., Ltd.\* (泛海能源控股股份有限公司), the chairman of the supervisory committee of Minsheng Holdings Co., Ltd.\* (民生控股股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 000416) and the director of Oceanwide Holdings (Hong Kong) Co., Limited. Mr. Zhao obtained a Bachelor's degree in Economics from Renmin University of China in January 1997 and a Master's degree in Engineering from Beihang University in January 2013.

**Mr. Qi Zixin (齊子鑫先生)**, aged 39, has been a Non-executive Director since November 2014 with a term of office for a period of three years. He is an economist in the PRC, is currently the director and vice president of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the vice chairman of the board and president of Oceanwide Energy Holdings Co., Ltd.\* (泛海能源控股股份有限公司), the vice chairman of the board of Minsheng Holdings Co., Ltd.\* (民生控股股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 000416) and the director of China Oceanwide Power Co., Ltd.\* (中國泛海電力有限公司). Mr. Qi obtained a Bachelor's degree in Law and Economics from Peking University in July 1998 and a Master's degree in Law from Peking University in June 2001.

## INFORMATION ON DIRECTORS

**Mr. Liu Jipeng (劉紀鵬先生)**, aged 58, has been an Independent Non-executive Director since November 2014 with a term of office for a period of three years. He is also the Chairman of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Liu is a senior economist and certified public accountant in the PRC, is currently the independent non-executive director of Dalian Wanda Commercial Properties Co., Ltd., the shares of which are listed on the Stock Exchange of Hong Kong Limited (the "SEHK") (Stock code: 3699), the independent non-executive director of Wanda Hotel Development Company Limited, the shares of which are listed on the SEHK (Stock code: 169), the independent director of AVIC Capital Co., Ltd.\* (中航資本控股股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (Stock code: 600705), the independent director of Zhongjin Gold Corp., Ltd.\* (中金黃金股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (Stock code: 600489) and the independent director of CNNC HuaYuan Titanium Dioxide Co., Ltd.\* (中核華原鈦白股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 002145). Mr. Liu served as the independent director of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046). Mr. Liu obtained a Bachelor's degree in Economics from Capital University of Economics and Business (formerly known as Beijing School of Economics) in July 1983 and a Master's degree in Economics from Graduate School of Chinese Academy of Social Sciences in July 1986.

**Mr. Cai Hongping (蔡洪平先生)**, aged 60, has been an Independent Non-executive Director since November 2014 with a term of office for a period of three years. He is also Chairman of the Remuneration Committee of the Company. He was the executive chairman of corporate finance, Asia Pacific in Deutsche Bank. Mr. Cai obtained an associate degree in Journalism from Fudan University in June 1988.

**Mr. Yan Fashan (嚴法善先生)**, aged 63, has been an Independent Non-executive Director since November 2014 with a term of office for a period of three years. He is also a member of the Remuneration Committee and the Nomination Committee of the Company. He is a professor in the School of Economics in Fudan University, is currently the independent director of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), the independent director of Zhongchang Marine Company Limited\* (中昌海運股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock code: 600242) and the independent director of Shanghai Dingli Technology Development Group Co. Ltd.\* (上海鼎立科技發展(集團)股份有限公司), whose shares are listed on the Shanghai Stock Exchange (Stock code: 600614). Mr. Yan obtained a Master's degree in Economics from Fudan University in 1981 and a Doctor of Philosophy degree in Political Economics from Fudan University in June 1998.

**Mr. Lo Wa Kei, Roy (盧華基先生)**, aged 43, has been an Independent Non-executive Director since November 2014 with a term of office for a period of three years. He is also a member of the Audit Committee of the Company. Mr. Lo is a certified public accountant in Hong Kong, Fellow of the Hong Kong Institute of Certified Public Accountants, Fellow of the CPA Australia and an Associate of The Institute of Chartered Accountants in England and Wales. Mr. Lo is currently the independent non-executive director of several public companies whose shares are listed on the SEHK, including, Sheen Tai Holdings Group Company Limited (Stock code: 1335), Sun Hing Vision Group Holdings Limited (Stock code: 125), North Mining Shares Company Limited (Stock code: 433), China Zhongwang Holdings Limited (Stock code: 1333). He also serves as the managing director of Shinewing (HK) CPA Limited. Mr. Lo obtained a Bachelor's degree in Business Administration from University of Hong Kong in November 1993 and a Master's degree in Professional Accounting from Hong Kong Polytechnic University in November 2000.



## INFORMATION ON DIRECTORS

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"), the changes in information of Directors of the Company subsequent to the composite other and response document of the Company dated 27 November 2014 are set out below:

<b>Name of Director</b>	<b>Details of Changes</b>
Liu Bing	Appointed as the chief financial officer of China Oceanwide International Investment Co., Ltd.* (中國泛海國際投資有限公司), the chief financial officer of China Oceanwide USA Holdings Co., Ltd.* (中國泛海美國控股有限公司), the director of Minsheng Securities Co. Ltd.* (民生證券股份有限公司) and the supervisor of Minsheng Wealth Management Co. Ltd.* (民生財富投資管理有限公司)
Liu Jipeng	Appointed as the independent non-executive director of Dalian Wanda Commercial Properties Co. Ltd., the shares of which are listed on the SEHK (Stock code: 3699)
Cai Hongping	Resigned as the executive chairman of corporate finance, Asia Pacific in Deutsche Bank
Yan Fashan	Appointed as the independent director of Shanghai Dingli Technology Development (Group) Co., Ltd.* (上海鼎立科技發展(集團)股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (Stock code: 600614)

## INFORMATION ON DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests and short positions of the Directors and the chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company and its association corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Company's own Model Code for Securities Transactions by Directors (the "Securities Code") were as follows:

#### (I) Interests and short positions in the shares, underlying shares and debentures of the Company

*Long positions in the shares of the Company*

Name of Director	Capacity	Nature of Interests	Number of ordinary shares in the Company held	Approximate percentage of shareholding of the Company
Liu Jipeng	Beneficial owner	Personal Interest	2,000,000 <sup>(Note)</sup>	0.02%

*Note:*

*As at 31 December 2014, Mr. Liu Jipeng held 2,000,000 ordinary shares in the Company, representing approximately 0.02% of the total issued share capital of the Company. As at the date of this report, Mr. Liu Jipeng held 9,900,000 ordinary shares in the Company, representing approximately 0.11% of the total issued share capital of the Company.*

#### (II) Interests and short positions in the shares, underlying shares and debentures of the associated corporations of the Company

*Long positions in the shares of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司) ("Oceanwide Holdings")*

Name of Director	Capacity	Nature of Interests	Number of ordinary shares held in Oceanwide Holdings	Approximate percentage of shareholding in Oceanwide Holdings
Han Xiaosheng	Beneficial owner	Personal Interest	2,880,000	0.06%
Zheng Dong	Beneficial owner	Personal Interest	2,880,000	0.06%
Liu Hongwei	Beneficial owner	Personal Interest	30,000	0.0007%

## INFORMATION ON DIRECTORS

Save as disclosed above, as at 31 December 2014, none of the Directors and the chief executives of the Company and their respective associates had any other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Securities Code, to be notified to the Company and the SEHK.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2014, the following Directors of the Company had interests in the following businesses (apart from the businesses of the Company or its subsidiaries) conducted through the companies named below, their subsidiaries, associated companies or other investment forms which are considered to compete or be likely to compete, either directly or indirectly, with the principal businesses of the Company or its subsidiaries conducted during the year required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules:

Name of Director	Name of Company	Nature of Interest	Nature of Competing Business
Han Xiaosheng	China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Director	Property development and investment
Liu Bing	China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Director	Property development and investment
Liu Hongwei	Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司)	Director	Property development and investment
Liu Guosheng	Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司)	Director	Property development and investment
Qin Dingguo	China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Director	Property development and investment
Zheng Dong	China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Director	Property development and investment
Zhao Yingwei	China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Director	Property development and investment
Qi Zixin	China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Director	Property development and investment

\* For identification purpose only

As the board of directors (the "Board") of the Company is independent of the boards of directors of the above entities, the Company has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

Save as disclosed above, as at 31 December 2014, none of the Directors or their respective associates had an interest in a business, apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

## INFORMATION ON SENIOR MANAGEMENT

### BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

**Mr. Han Xiaosheng (韓曉生先生)**, aged 58, has been an Executive Director since November 2014 with a term of office for a period of three years and the Chairman and Chief Executive Officer since December 2014. He is also Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He is a senior accountant in the PRC, is currently the executive director and executive vice president of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司), the chairman of the board of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), and the director of Oceanwide Holdings (Hong Kong) Co., Limited. Mr. Han served as the vice chairman of the board and president of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司). Mr. Han obtained a Master's degree in Economics from Renmin University of China in July 1996.

**Mr. Wu Chen (武晨先生)**, aged 44, has been the Deputy Chief Executive Officer since December 2014. Mr. Wu is an engineer in the PRC, is currently the vice president of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), and the general manager of Beijing Oceanwide Dongfeng Real Estate Co. Ltd.\* (北京泛海東風置業有限公司). Mr. Wu obtained a Master's degree in Business Administration from Roosevelt University in the United States.

**Mr. Zhang Keming (張克明先生)**, aged 50, has been the Deputy Chief Executive Officer since December 2014. Mr. Zhang is a professor-level senior engineer in the PRC, is currently the vice president of Oceanwide Energy Holdings Co., Ltd.\* (泛海能源控股股份有限公司) and the vice president of China Oceanwide Power Co., Ltd.\* (中國泛海電力有限公司). Mr. Zhang obtained a Master's degree in Business Administration from Tsinghua University.

**Mr. Shi Yuehong (石悅宏先生)**, aged 50, has been the Risk Control Director since December 2014. Mr. Shi is the China Senior Engineer and is currently the director and risk control director of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000046), and the director of Oceanwide Holdings (Hong Kong) Co., Limited (泛海控股(香港)有限公司). Mr. Shi obtained a degree in Construction Engineering from Tongji University.

**Ms. Wan Wing Sze, May (溫穎思女士)**, aged 38, has been Chief Financial Officer since March 2015 and joined the Group in January 2004. Ms. Wan is a qualified accountant and holds a Bachelor of Business Administration degree in Accounting. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and has more than 15 years experience in auditing, accounting, financial management and business control. Ms. Wan also has extensive experience in corporate restructuring.

**Ms. Wang Yuan, Susan (王苑女士)**, aged 42, has been the Financial Controller of the Shanghai operation of the Group since February 2006. Ms. Wang is a qualified accountant and is responsible for overseeing the property rental and management business of the Group in Shanghai. She is a member of the Chinese Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Ms. Wang has more than 19 years experience in auditing, accounting, financial management and operational controls, of which more than 8 years experience is in property sector in China.

\* For identification purpose only

## REPORT OF THE DIRECTORS

The Directors have pleasure in submitting to shareholders their report and statement of audited financial statements for the year ended 31 December 2014.

### CHANGE OF NAME

As approved by the shareholders at the special general meeting of the Company held on 24 December 2014, the change of the English name of the Company from “Hutchison Harbour Ring Limited” to “China Oceanwide Holdings Limited” and the adoption of the Chinese name “中泛控股有限公司” as the secondary name of the Company have both become effective on 29 December 2014. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were both issued by the Bermuda Registrar of Companies on 12 January 2015.

The Companies Registrar in Hong Kong has issued a Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 20 January 2015 confirming the registration of the Company’s new English and Chinese names of “China Oceanwide Holdings Limited” and “中泛控股有限公司” respectively in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are shown on page 97.

The analysis of the revenue and results by principal activities and geographical locations of the operations of the Company and its subsidiaries (collectively the “Group”) during the financial year are set out in Note 5 to the financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement on page 50.

### DIVIDENDS

An interim dividend at the rate of HK20.0 cents per share was paid to the shareholders on 18 September 2014.

No final dividend is recommended by the Board for the year ended 31 December 2014.



## REPORT OF THE DIRECTORS

### RESERVES

Particulars on the movements in the reserves of the Company and the Group during the year are set out in Note 25 to the financial statements and the consolidated statement of changes in equity on pages 56 and 57 respectively.

### CHARITABLE DONATIONS

There were no donations to charitable organisations by the Group during the year (2013: Nil).

### PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Particulars of the movements of property, plant and equipment and investment properties are set out in Notes 14 and 15 to the financial statements, respectively.

### PROPERTIES

Particulars of major properties of the Group are set out on page 99.

### SHARE CAPITAL

Details of the share capital of the Company are set out in Note 23 to the financial statements.

### DIRECTORS

The Directors during the year and up to the date of this report were:

#### Executive Directors

Mr. Han Xiaosheng (appointed on 28 November 2014)

Mr. Liu Bing (appointed on 28 November 2014)

Mr. Liu Hongwei (appointed on 28 November 2014)

Mr. Liu Guosheng (appointed on 28 November 2014)

Mr. Fok Kin Ning, Canning (also alternate to Mrs. Chow Woo Mo Fong, Susan) (resigned on 19 December 2014)

Mr. Lai Kai Ming, Dominic (resigned on 19 December 2014)

Mr. Tsui Kin Tung, Tony (resigned on 19 December 2014)

Mrs. Chow Woo Mo Fong, Susan (resigned on 19 December 2014)

Ms. Edith Shih (also alternate to Mr. Fok Kin Ning, Canning) (resigned on 19 December 2014)

## REPORT OF THE DIRECTORS

### Non-executive Directors

Mr. Qin Dingguo (appointed on 28 November 2014)  
Mr. Zheng Dong (appointed on 28 November 2014)  
Mr. Zhao Yingwei (appointed on 28 November 2014)  
Mr. Qi Zixin (appointed on 28 November 2014)  
Mr. Ronald Joseph Arculli (resigned on 19 December 2014)

### Independent Non-executive Directors

Mr. Liu Jipeng (appointed on 28 November 2014)  
Mr. Cai Hongping (appointed on 28 November 2014)  
Mr. Yan Fashan (appointed on 28 November 2014)  
Mr. Lo Wa Kei Roy (appointed on 28 November 2014)  
Mr. Kwan Kai Cheong (also alternate to Mr. Ronald Joseph Arculli) (resigned on 19 December 2014)  
Dr. Lam Lee G. (also alternate to Dr. Lan Hong Tsung, David) (resigned on 19 December 2014)  
Dr. Lan Hong Tsung, David (resigned on 19 December 2014)

On 6 November 2014, Oceanwide Holdings International Co., Ltd entered into a sale and purchase agreement with Promising Land International Inc. and Uptalent Investments Limited (the former controlling shareholders of the Company and both are wholly-owned subsidiaries of Hutchison Whampoa Limited, and together, the "Vendors"), pursuant to which the Vendors agreed to sell and Oceanwide Holdings International Co., Ltd agreed to purchase in aggregate approximately 71.36% of the entire issued share capital of the Company (the "Change of Control Transaction"). As a result of such change of controlling shareholders of the Company, Mr. Han Xiaosheng, Mr. Liu Bing, Mr. Liu Hongwei, Mr. Liu Guosheng, Mr. Qin Dingguo, Mr. Zheng Dong, Mr. Zhao Yingwei, Mr. Qi Zixin, Mr. Liu Jipeng, Mr. Cai Hongping, Mr. Yan Fashan and Mr. Lo Wa Kei Roy were appointed as Directors with effect from 28 November 2014. Mr. Fok Kin Ning, Canning (also alternate to Mrs. Chow Woo Mo Fong, Susan), Mr. Lai Kai Ming, Dominic, Mr. Tsui Kin Tung, Tony, Mrs. Chow Woo Mo Fong, Susan, Ms. Edith Shih (also alternate to Mr. Fok Kin Ning, Canning), Mr. Ronald Joseph Arculli, Mr. Kwan Kai Cheong (also alternate to Mr. Ronald Joseph Arculli), Dr. Lam Lee G. (also alternate to Dr. Lan Hong Tsung, David) and Dr. Lan Hong Tsung, David resigned as Directors and/or alternate Directors with effect from 19 December 2014.

In accordance with Bye-laws 112(B) of the Company and pursuant to code provision A.4.2 of Appendix 14 of the Listing Rules, all existing Directors will retire by rotation at the annual general meeting of the Company to be held on 19 May 2015 (the "Annual General Meeting") and, being eligible, will offer themselves for re-election.

The Company received independence confirmation from all the Independent Non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Company considered all the Independent Non-executive Directors as independent.

The Directors' biographical details are set out on pages 9 to 11.

## REPORT OF THE DIRECTORS

### INTEREST IN CONTRACTS

No contracts of significance in relation to the businesses of the Company and its subsidiaries, to which the Company or a subsidiary was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### DIRECTORS' SERVICE CONTRACT

None of the Directors of the Company who are proposed for re-election at the Annual General Meeting has a service contract with the Company which is not terminable by the Company within one year and without payment of compensation (other than statutory compensation).

### SHARE OPTION SCHEME

On 20 May 2004, the Company conditionally adopted a share option scheme (the "Share Option Scheme") for the grant of options to acquire ordinary shares of HK\$0.10 each in the share capital of the Company. The Share Option Scheme was valid and effective commencing from 17 September 2004, and had ended on 16 September 2014, being the date falling ten years from the date on which the Share Option Scheme became unconditional. A summary of the Share Option Scheme is as follows:

- (1) The purpose of the Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group, to continue and/or render improved service with the Group, and/or to establish a stronger business relationship between the Group and such participants.
- (2) The Directors (which expression shall include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up share options to subscribe for shares of the Company:
  - (a) any employee/consultant (as to functional areas of finance, business or personnel administration or information technology) or proposed employee/consultant (whether full time or part time, including any Executive Director but excluding any Non-executive Director) of the Company, any of its subsidiaries or any entity in which any member of the Group holds any equity interest (the "Invested Entity");
  - (b) any non-executive Directors (including Independent Non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
  - (c) any supplier of goods or services to any member of the Group or any Invested Entity;
  - (d) any customer of any member of the Group or any Invested Entity;
  - (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

## REPORT OF THE DIRECTORS

- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group; and
- (h) any company wholly owned by one or more persons belonging to any of the above classes of participants.

For the avoidance of doubt, the grant of any share options by the Company for the subscription of shares or other securities of the Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of share option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any share options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

- (3) A nominal consideration of HK\$1.00 is payable on acceptance of the offer of the grant of a share option.
- (4) Unless otherwise determined by the Directors and stated in the offer of the grant of share options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of a share option before it can be exercised.
- (5) The subscription price for the shares under the Share Option Scheme shall be a price determined by the Directors but shall not be less than the highest of (a) the closing price of the shares of the Company as stated in the daily quotations sheet of the SEHK for trade in one or more board lots of the shares of the Company on the date of the offer of grant which must be a business day; (b) the average closing price of the shares of the Company as stated in the daily quotations sheets of the SEHK for trade in one or more board lots of the shares of the Company for the five trading days immediately preceding the date of the offer of grant which must be a business day; and (c) the nominal value of the shares of the Company.
- (6) The maximum number of shares of the Company to be allotted and issued is as follows:
  - (a) the maximum number of shares of the Company which may be allotted and issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the relevant class of securities of the Company (or its subsidiaries) in issue from time to time;

## REPORT OF THE DIRECTORS

- (b) the total number of shares of the Company which may be allotted and issued upon the exercise of all share options (excluding, for this purpose, share options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 6% of the relevant class of securities of the Company (or its subsidiaries) in issue as at 20 May 2004, being the date of passing the relevant resolution adopting the Share Option Scheme (the "General Scheme Limit"). Based on the number of shares in issue of the Company on 20 May 2004, the General Scheme Limit of the Share Option Scheme is 402,300,015 shares;
  - (c) subject to paragraph (a) above and without prejudice to paragraph (d) below, the Company may seek approval of its shareholders in a general meeting to refresh the General Scheme Limit provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all share options to be granted under the Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the relevant class of securities of the Company (or its subsidiaries) in issue as at the date of approval of the limit and, for the purpose of calculating the limit, share options including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group will not be counted; and
  - (d) subject to paragraph(a) above and without prejudice to paragraph (c) above, the Company may seek separate approval of the shareholders in a general meeting to grant share options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (c) above to participants specifically identified by the Company before such approval is sought.
- (7) The total number of shares of the Company issued and to be issued upon the exercise of the share options granted to each participant of the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding share options) in any 12 month period must not exceed 1% of the issued share capital of the Company for the time being unless approved by the shareholders in a general meeting of the Company (with such participant and his associates (as defined in the Listing Rules) abstaining from voting) in compliance with the requirements of the Listing Rules.
- (8) A share option may be accepted by a participant within 21 days from the date of the offer of grant of the share option. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined on the date of offer for the grant of share option and notified by the Directors to each grantee, which period may commence, once the offer for the grant is accepted within the prescribed time by the grantee, from the date of the offer for the grant of share options but shall end in any event not later than ten years from the date on which the offer for the grant of the share option is made, subject to the provisions for early termination thereof.



## REPORT OF THE DIRECTORS

Particulars of the share options movement during the year ended 31 December 2014 under the Share Option Scheme were as follows:

Category of participant	Date of Grant of the share options	Number of share options held as at 1 January 2014	Granted during the year ended 31 December 2014	Exercised during the year ended 31 December 2014	Lapsed/ cancelled during the year ended 31 December 2014	Number of share options held as at 31 December 2014	Exercise period of the share options <sup>(1)</sup>	Exercise price of the share options <sub>HK\$</sub>	Price of share of the Company at grant date of share options <sup>(2)</sup> <sub>HK\$</sub>
Employees in aggregate	3.6.2005	600,000	-	-	600,000	-	3.6.2006 to 2.6.2015	0.822	0.82
	25.5.2007	200,000	-	-	200,000	-	25.2.2008 to 24.5.2017	0.616	0.61
<b>Total</b>		800,000	-	-	800,000	-			

Notes:

- (1) The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options.
- (2) The stated price was the closing price of the shares quoted on the SEHK on the trading day immediately prior to the date of the grant of the share options.

As a result of the unconditional mandatory cash offers made by CITIC Securities Corporate Finance (HK) Limited for and on behalf of Oceanwide Holdings International Co., Ltd for all the issued shares in the Company and for the cancellation of all outstanding options of the Company (which arose from the Change of Control Transaction), which was completed on 18 December 2014, all the outstanding options granted under the Share Option Scheme have lapsed and determined on 18 December 2014.

Apart from the Share Option Scheme, at no time during the year ended 31 December 2014 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debenture of, the Company or any other body corporate.

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS

#### (I) Master Agreement for HWL Supplies

On 30 December 2011, the Company entered into an agreement (the “HWL Master Agreement”) with Hutchison International Limited (“HIL”, a wholly owned subsidiary of Hutchison Whampoa Limited (“HWL”, the then ultimate holding company of the Company before the Change of Control Transaction)) for a term of three years from 1 January 2012 to 31 December 2014 setting the framework terms for acquisition of the “HWL Supplies” from HIL, its subsidiaries and entities controlled, directly or indirectly, as to no less than 50% by HIL, other than the Group (collectively “HWL Group”).

The “HWL Supplies”, being the supplies to be provided by the HWL Group to the Group as defined in the HWL Master Agreement, included mobile phones and handsets; premium products; distilled water, food and beverages, groceries; stationeries, office supplies; printing services, IT technical support services, telecommunications and Internet services; storage, administrative, legal, consultancy, management, insurance support services, hotel services, travel and transportation services; letting and leasing services all relating to property, and marketing, advertising and promotional services.

By reference to the factors as announced by the Company on 30 December 2011, the maximum aggregate annual values for the acquisition of the HWL Supplies by the Group contemplated by the HWL Master Agreement for the three years ending 31 December 2012, 2013 and 2014 were set at HK\$9,200,000, HK\$9,600,000 and HK\$9,980,000 (the “HWL Supplies Annual Cap”) respectively.

Before the Change of Control Transaction, each of HIL and other members of the HWL Group was a connected person of the Company by virtue of being an associate of HWL. Accordingly, the transactions contemplated under the HWL Master Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. However, after the Change of Control Transaction, each of HIL and other members of the HWL Group would no longer be a connected person of the Company and the transactions contemplated under the HWL Master Agreement would no longer be connected transactions of the Company.

#### (II) Master Agreements for Acquisition of Connected Debt Securities

On 19 March 2013, the Company entered into a conditional Master Agreement (the “CDS Master Agreement”) with HWL subject to, inter alia, the Company obtaining all applicable approvals (including the CCT Approval (as described below and defined in the CDS Master Agreement), if applicable).

## REPORT OF THE DIRECTORS

The cap (the “Connected Debt Securities Cap”) applicable to the transactions contemplated under the CDS Master Agreement and effected during either CCT Relevant Period (as described below and defined in the CDS Master Agreement) was set subject to limitations including:

- (i) the aggregate gross purchase price of the Connected Debt Securities of a particular issue held and proposed to be acquired by the Group during either CCT Relevant Period pursuant to the CCT Approval sought shall not exceed 20% of the aggregate value of the subject issue and all outstanding Connected Debt Securities of the same issuer with the same maturity or shorter maturities; and
- (ii) the aggregate gross purchase price of the Connected Debt Securities acquired and proposed to be acquired by the Group during either CCT Relevant Period pursuant to the CCT Approval sought shall not exceed the lower of: (a) HK\$1.2 billion, and (b) 20% of the Company’s “unaudited consolidated net liquid assets” (the “Company’s Quarterly NLA”) as at the last day of the immediately preceding calendar quarter (the “Reference Date”) for the Connected Debt Securities proposed to be acquired during such CCT Relevant Period, and provided that the Net Connected Debt Securities Position (as described below and defined in the CDS Master Agreement) of the Group at any time during either CCT Relevant Period shall not exceed 50% of the Company’s Quarterly NLA as at the Reference Date. For this purpose, the Company’s Quarterly NLA as at the Reference Date shall mean the aggregate value of the cash, deposits and marketable securities (including for the avoidance of doubt any Connected Debt Securities held at the time all valued at their respective fair market values as at such date) held by the Company or any entity which is accounted for and consolidated in the financial statements of the Company as subsidiaries as at the Reference Date less the aggregate value of any such assets which are subject to pledges or other encumbrances as at the Reference Date. The formulations set out in (i) and this paragraph were determined as the cap for any possible acquisition of the Connected Debt Securities during the CCT Relevant Periods and at the same time effective to avoid any undue concentration in a single issue of the Connected Debt Securities and to achieve a reasonable degree of diversification, which based on the experience of the independent financial adviser are in line with the market practice.

The consideration for the Connected Debt Securities would be on normal commercial terms to be determined with reference to market prices quoted on financial data providers (such as Bloomberg), which would be updated from time to time to reflect the ask/bid prices quoted by independent third parties (such as banks, debt securities dealers and institutional investors) having regard to the prevailing credit spread, market liquidity and counterparty risks, and, where applicable, accrued coupons of the Connected Debt Securities and would be settled in accordance with the terms of the Connected Issuers as may be applicable from time to time. For the other terms of the Connected Debt Securities, they would have been determined by the relevant Connected Issuers at the time such securities were first issued.

The transactions underlying the CDS Master Agreement entered into during the CCT Relevant Periods constituted continuing connected transactions for the Company and were approved by the shareholders of the Company by poll at the 2013 annual general meeting (the “CCT Approval”), at which HWL and its associates abstained from voting.

## REPORT OF THE DIRECTORS

“Net Connected Debt Securities Position”, means (i) the aggregate gross purchase price paid in respect of the Connected Debt Securities held by the Group at the commencement of that CCT Relevant Period, if any; (ii) the aggregate gross purchase price paid in respect of the Connected Debt Securities acquired by the Group prior to such date during that CCT Relevant Period, if any; and (iii) the aggregate gross purchase price in respect of the Connected Debt Securities of a particular issue proposed to be acquired by the Group on such date; less (iv) the aggregate net sale proceeds in respect of the Connected Debt Securities sold by the Group prior to such date during that CCT Relevant Period; and (v) the aggregate principal amount repaid to the Group for any such Connected Debt Securities redeemed prior to such date during that CCT Relevant Period, on any day during either CCT Relevant Period.

“CCT Relevant Periods” means, collectively, the First CCT Relevant Period and the Second CCT Relevant Period.

“Connected Debt Securities” means such bonds, notes, commercial paper or other similar debt instruments as are or to be issued by any of the Connected Issuers as contemplated in the CDS Master Agreement.

“Connected Issuers” are the issuers of the Connected Debt Securities, being HWL or any of its subsidiaries.

“First CCT Relevant Period” means the period from the date on which the CDS Master Agreement received the CCT Approval until the earlier of: (i) the conclusion of the annual general meeting of the Company in respect of the financial year ended 31 December 2013; and (ii) the date on which the authority set out in the CCT Approval is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

“Second CCT Relevant Period” means the period from the date immediately following the expiry of the First CCT Relevant Period and the earlier of: (i) the conclusion of the annual general meeting of the Company in respect of the financial year ended 31 December 2014; and (ii) the date on which the authority set out in the CCT Approval is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

After the Change of Control Transaction, HIL and HWL ceased to be connected persons of the Company and the transactions under the CDS Master Agreement ceased to be regarded as connected transactions of the Company under Chapter 14A of the Listing Rules.

All the Independent Non-executive Directors of the Company have reviewed the continuing connected transactions contemplated under transactions (I) and (II) above for the year ended 31 December 2014 and confirmed that they were entered into by the Group (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the respective agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## REPORT OF THE DIRECTORS

Based on the work performed, the auditor of the Company has confirmed in a letter to the Board to the effect that the continuing connected transactions entered into under transactions (I) and (II) above during the year ended 31 December 2014 (i) have been approved by the Board; (ii) were, in all material respects, carried out in accordance with the pricing policies of the Group; (iii) were entered into, in all material respects, in accordance with the terms of the relevant agreements governing them; and (iv) did not exceed the respective annual caps applicable to them.

A summary of the material related party transactions entered into by the Group during the year ended 31 December 2014 is contained in Note 29 to the financial statements. The transactions summarised in paragraphs (b) to (d) to such Note fall under the definition of “continuing connected transactions” under the Listing Rules, of which the transaction summarised in paragraph (d) is exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Rule 14A.76(1) of the Listing Rules.

The Company has complied with the disclosure requirements, in accordance with Chapter 14A of the Listing Rules with respect to the continuing connected transactions entered into by the Group during the year ended 31 December 2014.

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE

So far as is known to the Directors and the chief executives of the Company, as at 31 December 2014, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the “SFO”), or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “SEHK”):

#### (I) Interests and short positions of substantial shareholders in the shares and underlying shares of the Company

##### *Long positions in the shares of the Company*

<b>Name</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding</b>
Lu Zhiqiang	Interest of controlled corporations	6,419,461,847 <sup>(5)</sup>	71.58%
Huang Qiongzi	Interest of controlled corporations	6,419,461,847 <sup>(5)</sup>	71.58%
Tohigh Holdings Co., Ltd.* (通海控股有限公司)	Interest of controlled corporations	6,419,461,847 <sup>(4)</sup>	71.58%

## REPORT OF THE DIRECTORS

Name	Capacity	Number of shares held	Approximate percentage of shareholding
Oceanwide Group Co., Ltd.* (泛海集團有限公司)	Interest of controlled corporations	6,419,461,847 <sup>(3)</sup>	71.58%
China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	Interest of controlled corporations	6,419,461,847 <sup>(2)</sup>	71.58%
Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司)	Interest of controlled corporations	6,419,461,847 <sup>(1)</sup>	71.58%
Oceanwide Holdings (Hong Kong) Co., Limited	Interest of controlled corporations	6,419,461,847 <sup>(1)</sup>	71.58%
Oceanwide Holdings International Co., Ltd	Beneficial owner	6,419,461,847 <sup>(1)</sup>	71.58%

Notes:

- (1) Oceanwide Holdings International Co., Ltd is a wholly owned subsidiary of Oceanwide Holdings (Hong Kong) Co., Limited, which in turn is a wholly owned subsidiary of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司). By virtue of the SFO, Oceanwide Holdings (Hong Kong) Co., Limited and Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司) are deemed to be interested in 6,419,461,847 shares of the Company held by Oceanwide Holdings International Co., Ltd.
- (2) China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司) directly and indirectly holds 76.39% interest in the issued share capital of Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司). By virtue of the SFO, China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司) is deemed to be interested in all the shares of the Company held by Oceanwide Holdings Co., Ltd.\* (泛海控股股份有限公司).
- (3) Oceanwide Group Co., Ltd.\* (泛海集團有限公司) holds 97.44% interest in the issued share capital of China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司). By virtue of the SFO, Oceanwide Group Co., Ltd.\* (泛海集團有限公司) is deemed to be interested in all the shares of the Company held by China Oceanwide Holdings Group Co., Ltd.\* (中國泛海控股集團有限公司).
- (4) Tohigh Holdings Co., Ltd.\* (通海控股有限公司) holds the entire issued share capital of Oceanwide Group Co., Ltd.\* (泛海集團有限公司). By virtue of the SFO, Tohigh Holdings Co., Ltd.\* (通海控股有限公司) is deemed to be interested in all the shares of the Company held by Oceanwide Group Co., Ltd.\* (泛海集團有限公司).
- (5) Mr. Lu Zhiqiang and Ms. Huang Qiongzi (spouse of Mr. Lu Zhiqiang) together holds more than one-third of the voting power at general meetings of Tohigh Holdings Co., Ltd.\* (通海控股有限公司). By virtue of the SFO, Mr. Lu Zhiqiang and Ms. Huang Qiongzi are deemed to be interested in all the shares of the Company held by Oceanwide Group Co., Ltd.\* (泛海集團有限公司).

## REPORT OF THE DIRECTORS

### (II) Interests and short positions of other persons in the shares and underlying shares of the Company

#### *Long positions in the shares of the Company*

<b>Name</b>	<b>Capacity</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding</b>
Kwok Sau Po	Beneficial owner	809,332,000	9.02%

Saved as disclosed above, as at 31 December 2014, there was no other person (other than the Directors and the chief executives of the Company) who was recorded in the register of the Company as having an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the SEHK.

### BORROWINGS

The Group does not have any borrowing as at 31 December 2014 (2013: Nil).

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company. In addition, the Company has not redeemed any of its listed securities during the year.

### PRE-EMPTIVE RIGHTS

There were no provisions for pre-emptive rights under the Bye-laws of the Company, or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### FIVE YEAR SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 98.

### RETIREMENT BENEFIT SCHEMES

Information on the retirement benefits schemes of the Group is set out in Note 12 to the financial statements.



## REPORT OF THE DIRECTORS

### MAJOR CUSTOMERS AND SUPPLIERS

The percentages of revenue for the year ended 31 December 2014 attributable to the major customers of the Group were as follows:

	<b>Percentage of total revenue of the Group</b>
The largest customer	18.1%
Five largest customers combined	46.7%

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors, own more than 5% of the Company's share capital) had any interest in the major customers noted above.

There was no purchase from suppliers by the Group during the year ended 31 December 2014.

### PUBLIC FLOAT

As at the date of this report, based on information available to the Company and within the knowledge of the Directors of the Company, the public float capitalisation amounted to approximately HK\$2,615 million, representing approximately 28.31% of the issued share capital of the Company.

### AUDITOR

The financial statements have been audited by PricewaterhouseCoopers, who will retire and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company is to be proposed at the Annual General Meeting.

By Order of the Board

**Han Xiaosheng**  
*Chairman*

Hong Kong, 17 March 2015

\* *For identification purpose only*

## CORPORATE GOVERNANCE REPORT

The Company strives to attain and maintain high standards of corporate governance best suited to the needs and interests of the Company and its subsidiaries (the “Group”) as it believes that effective corporate governance practices are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles that emphasise a quality Board, effective internal controls, stringent disclosure practices, transparency and accountability. It is, in addition, committed to continuously improving these practices and inculcating an ethical corporate culture.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied throughout the year ended 31 December 2014 with all code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules, except for the following deviations:

#### Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Fok Kin Ning, Canning resigned as Chairman and Mr. Tsui Kin Tung, Tony resigned as Managing Director both with effect from 19 December 2014. From 19 December 2014 onwards, the Company does not have a separate chairman and chief executive and Mr. Han Xiaosheng currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive in the same person has the benefit of ensuring consistent leadership with the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decision promptly and efficiently.

#### Code Provision A.4.2

Code provision A.4.2 stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after appointment.

The existing Directors did not offer themselves for appointment at the special general meeting of the Company held on 24 December 2014. Instead, they will retire at the annual general meeting of the Company to be held on 19 May 2015 (the “Annual General Meeting”) in accordance with the Company’s Bye-laws and offer themselves for re-election by shareholders of the Company thereat.

## CORPORATE GOVERNANCE REPORT

### Code Provision A.5.1

Code provision A.5.1 stipulates that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

A Nomination Committee of the Company comprising of Mr. Han Xiaosheng, Mr. Liu Jipeng and Mr. Yan Fashan as members, with Mr. Han Xiaosheng being the chairman, was established by the Board on 19 December 2014 to re-comply with Code provision A.5.1.

### Code Provision A.6.7

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Due to other business engagement, Mr. Cai Hongping, an Independent Non-executive Director, did not attend the special general meeting of the Company held on 24 December 2014. The Non-executive Directors and other Independent Non-executive Directors had been present at the respective general meetings to enable the Board to develop a balanced understanding of the views of the shareholders of the Company.

## THE BOARD

### Corporate Strategy

The primary objective of the Group is to enhance long-term total return for shareholders of the Company. To achieve this objective, the strategy of the Group is to deliver sustainable returns with solid financial fundamentals. The “Chairman’s Statement” and the “Management Discussion and Analysis” contain discussions and analyses of the performance of the Group and the basis on which the Group generates or preserves value over the longer term and the strategy for delivering the objective of the Group.

### Role of the Board

The Board, which is accountable to shareholders for the long-term performance of the Company, is responsible for directing the strategic objectives of the Company and overseeing the management of the business. Directors are charged with the task of promoting the success of the Company and making decisions in the best interests of the Company.

The Board, led by the Chairman, Mr. Han Xiaosheng, determines and monitors Group-wide strategies and policies, annual budgets and business plans, evaluates the performance of the Company, and supervises the management of the Company (the “Management”). The Management is responsible for the day-to-day operations of the Group under the leadership of the Chairman.

## CORPORATE GOVERNANCE REPORT

### Board Composition

Due to the change of controlling shareholders of the Company, with effect from 19 December 2014, (i) Mr. Fok Kin Ning, Canning resigned from his office of Executive Director and ceased to act as Chairman; (ii) Mr. Lai Kai Ming, Dominic resigned from his office of Executive Director and alternate Director to Mrs. Chow Woo Mo Fong, Susan, and ceased to act as Deputy Chairman of the Board; (iii) Mr. Tsui Kin Tung, Tony resigned from his office of Executive Director and Managing Director; (iv) Mrs. Chow Woo Mo Fong, Susan resigned from her office of Executive Director; (v) Ms. Edith Shih resigned from her office of Executive Director and alternate Director to Mr. Fok Kin Ning, Canning; (vi) Mr. Ronald Joseph Arculli resigned from his office of Non-executive Director; (vii) Mr. Kwan Kai Cheong resigned from his office of Independent Non-executive Director and alternate Director to Mr. Ronald Joseph Arculli; (viii) Dr. Lam Lee G. resigned from his office of Independent Non-executive Director and alternate Director to Dr. Lan Hong Tsung, David; and (ix) Dr. Lan Hong Tsung, David resigned from his office of Independent Non-executive Director.

With effect from 28 November 2014, Mr. Han Xiaosheng, Mr. Liu Bing, Mr. Liu Hongwei and Mr. Liu Guosheng have been appointed as Executive Directors, Mr. Qin Dingguo, Mr. Zheng Dong, Mr. Zhao Yingwei and Mr. Qi Zixin have been appointed as Non-executive Directors, and Mr. Liu Jipeng, Mr. Cai Hongping, Mr. Yan Fashan and Mr. Lo Wa Kei Roy have been appointed as Independent Non-executive Directors.

Biographical details of the Directors are set out in the “Information on Directors” section on pages 9 to 11 and on the website of the Company. A list setting out the names of the Directors and their roles and functions was posted on the websites of the Company and Hong Kong Exchanges and Clearing Limited (“HKEx”).

The Board has assessed the independence of all the Independent Non-executive Directors of the Company and considers all of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules, (ii) the absence of involvement in the daily management of the Company and (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgment. Throughout the year, the number of Independent Non-executive Directors on the Board meets the one-third requirement under the Listing Rules.

### Chairman and Chief Executive Officer

The Chairman, assisted by the Deputy Chairmen, Mr. Qin Dingguo and Mr. Zheng Dong, is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group and that Board meetings are planned and conducted effectively. The Chairman is responsible for setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by Directors. With the support of the Executive Directors, the Chairman seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and provided with adequate and accurate information in a timely manner. The Chairman promotes a culture of openness and actively encourages Directors to voice their opinion and be fully engaged in the Board’s affairs so as to contribute to the Board’s effective functioning. The Board, under the leadership of the Chairman, has adopted good corporate governance practices and procedures and taken appropriate steps to provide effective communication with shareholders and other stakeholders, as outlined later in the report.

## CORPORATE GOVERNANCE REPORT

The Chief Executive Officer, assisted by the Deputy Chief Executive Officers, Mr. Wu Chen and Mr. Zhang Keming, is responsible, under delegated authority from the Board, for the day-to-day management and running of the Group's businesses and implementation of the strategies and policies set by the Board.

From 19 December 2014 onwards, the Company does not have a separate chairman and chief executive and Mr. Han Xiaosheng currently performs these two roles.

### Board Processes

The Board meets regularly, and at least four times a year with meeting dates scheduled prior to the beginning of the year. Between scheduled meetings, senior management of the Group provides to Directors, on a regular basis, monthly updates and other information with respect to the performance, and business activities and development of the Group. Throughout the year, the Directors participate in the deliberation and approval of routine and operational matters of the Company by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary or other executives as and when required. Details of material or notable transactions of subsidiaries are provided to the Directors as appropriate. Whenever warranted, additional Board meetings are held. In addition, the Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors and they are at liberty to propose appropriate matters for inclusion in Board agendas.

With respect to regular meetings of the Board, Directors receive written notice of the meeting generally about a month in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances. Except for those circumstances permitted by the Bye-laws of the Company and the Listing Rules, a Director who has a material interest in any contract, transaction, arrangement or any other kind of proposal put forward to the Board for consideration abstains from voting on the relevant resolution and such Director is not counted for quorum determination purposes.

Six Board meetings were held during the year ended 31 December 2014 and the attendance of each Director is set out in the section "Attendance to Meetings" of this report.

In addition to Board meetings, the Chairman holds regular meetings with Executive Directors and at least two meetings with Non-executive Directors (including Independent Non-executive Directors) annually without the presence of Executive Directors. The Non-executive Directors (including Independent Non-executive Directors) freely provide their independent opinion to the Board.

All Non-executive Directors are appointed for a term of 3 years, subject to renewal and re-election as and when required under the Listing Rules and the Bye-laws of the Company. However, any Director who is appointed by the Board to fill a casual vacancy shall hold office until the next following general meeting of the Company, or in the case of an additional appointment, until the next following annual general meeting of the Company, and shall be eligible for re-election at the relevant general meeting. All Directors are subject to retirement from office and re-election by shareholders at annual general meetings at least about once every three years on a rotation basis in accordance with the Bye-laws of the Company. A retiring Director is eligible for re-election and re-election of retiring Directors at general meetings is dealt with by separate individual resolutions.

## CORPORATE GOVERNANCE REPORT

No Director has a service contract with the Company which is not terminable by the Company within one year and without payment of compensation (other than statutory compensation).

Shareholders may propose a candidate for election as Director in accordance with the Bye-laws of the Company. The procedures for such proposal were posted on the website of the Company.

### Training and Commitment

The Company arranges and provides Continuous Professional Development (“CPD”) training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also counts toward CPD training.

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time.

Confirmation is received from the Directors that they have provided sufficient time and attention to the affairs of the Group. Besides, Directors disclose to the Company their interests as director and other office in other public companies and organisations in a timely manner and update the Company on any subsequent changes.

### Compliance with the Model Code for Securities Transactions by Directors of the Company

The Board has adopted its own Model Code for Securities Transactions by Directors (the “Securities Code”) regulating the Directors’ dealings in securities (Group and otherwise), on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. In response to specific enquiries made, all existing Directors have confirmed that they have complied with the Securities Code in their securities transactions for the year ended 31 December 2014.

### Board Committees

The Board is supported by three permanent board committees: the Audit Committee, the Remuneration Committee and the Nomination Committee, details of which are described later in this report. The terms of reference for these committees, which have been adopted by the Board, are available on the websites of the Company and HKEx. Other board committees are established by the Board as and when warranted to take charge of specific tasks.

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half-year period end.

The responsibility of the Directors in relation to the financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 49 which acknowledges the reporting responsibility of the auditor of the Group.

#### *Annual Report and Financial Statements*

The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company, ensuring that the financial statements give a true and fair presentation in accordance with Hong Kong Companies Ordinance and the applicable accounting standards.

#### *Accounting Policies*

The Directors consider that in preparing the financial statements, the Group has applied appropriate accounting policies that are consistently adopted and made judgments and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

#### *Accounting Records*

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group upon which financial statements of the Group could be prepared in accordance with the accounting policies of the Group.

#### *Safeguarding Assets*

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

#### *Going Concern*

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.



## CORPORATE GOVERNANCE REPORT

### Audit Committee

The Audit Committee comprises two Independent Non-executive Directors and one Non-executive Director, whom possess the relevant business and financial management experience and skills to understand financial statements and contribute to the financial governance, internal controls and risk management of the Company. It is chaired by Mr. Liu Jipeng with Mr. Lo Wa Kei Roy and Mr. Zhao Yingwei as members.

Five Audit Committee meetings were held during the year ended 31 December 2014 and the attendance of each member of the Audit Committee is set out in the section "Attendance to Meetings" of this report.

In 2014, the Audit Committee performed the duties and responsibilities under its terms of reference and other duties of the CG Code.

Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and its external auditor, review the preliminary results, interim results, and annual and interim financial statements of the Group, monitor the corporate governance of the Group including compliance with statutory and Listing Rules requirements, review the scope, extent and effectiveness of the activities of internal audit of the Group, engage independent legal and other advisers and conduct investigations as it determines to be necessary.

Procedures for Reporting Possible Improprieties in Matters of Financial Reporting, Internal Control or Other Matters have been adopted by the Audit Committee and are posted on the website of the Company.

The Audit Committee meets with the Chief Financial Officer and other senior management of the Group from time to time for the purposes of reviewing the interim and final results, the interim report and annual report, and other financial, internal control, corporate governance and risk management matters of the Group. It considers and discusses the reports and presentations of the Management, the internal and external auditors of the Group, with a view of ensuring that the consolidated financial statements of the Group are prepared in accordance with accounting principles generally accepted in Hong Kong. It also meets at least four times a year with the principal external auditor of the Group, PricewaterhouseCoopers ("PwC"), to consider the reports of PwC on the scope, strategy, progress and outcome of its independent review of the interim financial report and its annual audit of the consolidated financial statements. In addition, the Audit Committee holds regular private meetings with the external auditor, the Chief Financial Officer and the internal auditor separately without the presence of the Management.

## CORPORATE GOVERNANCE REPORT

The Audit Committee assists the Board in meeting its responsibilities for maintaining an effective system of internal control. It reviews the process by which the Group evaluates its control environment and risk assessment process, and the way in which business and control risks are managed. It receives and considers the presentations of the Management in relation to the reviews on the effectiveness of the internal control systems of the Group and the adequacy of resources, qualifications and experience of staff in the accounting and financial reporting function of the Group, as well as their training programmes and budget. In addition, the Audit Committee reviews with the internal auditor the work plans for its audits on the Group together with its resource requirements and considers the internal audit reports to the Audit Committee on the effectiveness of internal controls in the business operations of the Group. Further, it also receives the reports from the Company Secretary on the compliance status on regulatory requirements of the Group. These reviews and reports are taken into consideration by the Audit Committee when it makes its recommendation to the Board for approval of the consolidated financial statements for the year.

### External Auditor

The Audit Committee reviews and monitors the external auditor's independence and objectivity and effectiveness of the audit process. It receives each year a letter from the external auditor confirming its independence and objectivity and holds meetings with representatives of the external auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the external auditor.

The policy of the Group regarding the engagement of PwC for the various services listed below is as follows:

- Audit services – include audit services provided in connection with the audit of the consolidated financial statements. All such services are to be provided by external auditor.
- Audit related services – include services that would normally be provided by an external auditor but not generally included in audit fees, for example, audits of the pension plans of the Group, accounting advice related to mergers and acquisitions, internal control reviews of systems and/or processes, and issuance of special audit reports for tax or other purposes. The external auditor is to be invited to undertake those services that it must, or is best placed, to undertake in its capacity as auditor.
- Taxation related services – include all tax compliance and tax planning services, except for those services which are provided in connection with the audit. The Group uses the services of the external auditor where it is best suited. All other significant taxation related work is undertaken by other parties as appropriate.

## CORPORATE GOVERNANCE REPORT

- Other services – include, for example, financial due diligence, review of actuarial reports and calculations, risk management diagnostics and assessments, and non-financial systems consultations. The external auditor is also permitted to assist Management and the internal auditor with internal investigations and fact-finding into alleged improprieties. These services are subject to specific approval by the Audit Committee.
- General consulting services – the external auditor is not eligible to provide services involving general consulting work.

An analysis of the fees of PwC and other external auditor is shown in Note 6 to the financial statements. During the year ended 31 December 2014, the fees paid to PwC were primarily for audit and audit related services.

### INTERNAL CONTROL, CORPORATE GOVERNANCE, LEGAL AND REGULATORY CONTROL AND GROUP RISK MANAGEMENT

The Board has overall responsibility for the system of internal control, corporate governance compliance and assessment and management of risks of the Group.

In meeting its responsibility, the Board seeks to increase risk awareness across the business operations of the Group and has put in place policies and procedures, including parameters of delegated authority, which provide a framework for the identification and management of risks. It also reviews and monitors the effectiveness of the systems of internal control to ensure that the policies and procedures in place are adequate. Reporting and review activities include review by the Executive Directors and the Board and approval of detailed operational and financial reports, budgets and plans provided by the management of the business operations, review by the Board of actual results against budget, review by the Audit Committee of the ongoing work of internal audit and risk management, as well as regular business reviews by the Executive Directors and the executive management team.

On behalf of the Board, the Audit Committee reviews regularly the corporate governance structure and practices within the Group and monitors compliance fulfillment on an ongoing basis.

Whilst these procedures are designed to identify and manage risks that could adversely impact the achievement of the business objectives of the Group, they do not provide absolute assurance against material mis-statement, errors, losses, fraud or non-compliance.

## CORPORATE GOVERNANCE REPORT

### Internal Control Environment and Systems

The executive management team is accountable for the conduct and performance of the business within the agreed strategies and similarly the management of the business is accountable for its conduct and performance.

The internal control procedures of the Group include a comprehensive system for reporting information to the executive management team and the Executive Directors.

Business plans and budgets are prepared annually by the Management and subject to review and approval by both the executive management team and the Executive Directors. Reforecasts for the current year are prepared on a quarterly basis, reviewed for variances to the budget and for approval. When setting budgets and reforecasts, the Management identifies, evaluates and reports on the likelihood and potential financial impact of significant business risks.

The Executive Directors review monthly management reports on the financial results and key operating statistics of the business. In addition, the Chief Executive Officer holds periodic meetings with the executive management team and senior management of business operations to review business performance, significant business risk sensitivities and strategies. The Chief Financial Officer also holds monthly meetings with finance managers of business operations to review monthly performance against budget and forecast, and to address accounting and finance related matters.

The Group maintains a centralised cash management system for its subsidiary operations and the Finance Department of the Group oversees the investment and lending activities of the Group. Treasury reports on cash and liquid investments, borrowings of the Group and movements thereof are distributed daily.

The Chief Financial Officer has established guidelines and procedures for the approval and control of expenditures. Operating expenditures are subject to overall budget control and are controlled within each business with approval levels set by reference to the level of responsibility of each executive and officer. Capital expenditures are subject to overall control within the annual budget review and approval process, and more specific control and approval prior to commitment by the Chief Financial Officer or Executive Directors are required for unbudgeted expenditures and material expenditures within the approved budget. Quarterly reports of actual versus budgeted and approved expenditures are also reviewed.

The internal auditor, reporting directly to the Audit Committee, provides independent assurance as to the existence and effectiveness of the risk management activities and controls in the business operations of the Group. Using risk assessment methodology and taking into account the dynamics of the activities of the Group, internal audit derives its yearly audit plan which is reviewed by the Audit Committee, and reassessed during the year as needed to ensure that adequate resources are deployed and the objectives of the plan are met. The internal auditor is responsible for assessing the internal control system of the Group, formulating an impartial opinion on the system, and reporting its findings to the Audit Committee, the Chief Financial Officer and the senior management concerned as well as following up on all reports to ensure that all issues have been satisfactorily resolved. In addition, a regular dialogue is maintained with the external auditor of the Group so that both are aware of the significant factors which may affect their respective scope of work.

## CORPORATE GOVERNANCE REPORT

Depending on the nature of business and risk exposure of individual business units, the scope of work performed by the internal auditor includes financial and operations reviews, recurring and surprise audits, fraud investigations and productivity efficiency reviews.

Reports from the external auditor on internal controls and relevant financial reporting matters are presented to the internal auditor and, as appropriate, to the Chief Financial Officer. These reports are reviewed and appropriate actions are taken.

The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control systems of the Group for the year ended 31 December 2014 covering all material financial, operational and compliance controls and risk management functions, and is satisfied that such systems are effective and adequate. In addition, it has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of the staff of the accounting and financial reporting function of the Group, and their training programmes and budget.

### Corporate Governance

The Board is entrusted with the overall responsibility of developing and maintaining sound and effective corporate governance within the Group and is committed to ensuring that an effective governance structure is put in place to continuously review and improve the corporate governance practices within the Group in light of the evolving operating environment and regulatory requirements.

Under its terms of reference, the Audit Committee has been delegated the corporate governance function of the Board to monitor, procure and manage corporate governance compliance within the Group. To assist the Audit Committee in fulfilling its responsibilities, representatives from key departments of the Company and the Company Secretary will continuously examine the corporate governance structure of the Group, provide updates, identify emerging matters of compliance, structure appropriate compliance mechanisms and monitor compliance fulfillment on an ongoing basis.

The Audit Committee has reviewed the compliance status, and is satisfied that the Company has complied throughout the year with all code provisions of the CG Code, other than those set out in the section "Compliance with the Corporate Governance Code" of this report.

### Group Risk Management

The Chief Executive Officer and the Chief Financial Officer have the responsibility of developing and implementing risk mitigation strategies including the deployment of insurance to transfer the financial impact of risks. The Chief Financial Officer, working with business operations, is responsible for arranging appropriate insurance coverage and organising Group-wide risk reporting. Directors and Officers Liability Insurance is also in place to protect Directors and officers of the Group against their potential legal liabilities.

## CORPORATE GOVERNANCE REPORT

### REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

#### Remuneration Committee

The Remuneration Committee comprises three members with expertise in human resources and personnel emoluments. The Committee is chaired by Mr. Cai Hongping, an Independent Non-executive Director, with Mr. Han Xiaosheng, Chairman of the Board, and Mr. Yan Fashan, an Independent Non-executive Director, as members. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. The Committee meets towards the end of each year to determinate the remuneration package of Directors and senior management of the Group. Remuneration matters are also considered and approved by way of written resolutions and additional meetings where warranted.

Two Remuneration Committee meetings were held during the year ended 31 December 2014 and the attendance of each member of the Remuneration Committee is set out in the section "Attendance to Meetings" of this report.

The responsibilities of the Remuneration Committee are to assist the Board in achieving its objective of attracting, retaining and motivating employees of the highest calibre and experience needed to shape and execute strategy of the Group. It assists the Group in the administration of a fair and transparent procedure for setting remuneration policies for all Directors and senior executives of the Group. Whilst the Board retains its power to determine the remuneration of Non-executive Directors, the responsibility for reviewing and determining the remuneration package of individual Executive Directors and senior management of the Group is delegated to the Remuneration Committee.

During the year, the Remuneration Committee reviewed background information on market data (including economic indicators, statistics and the Remuneration Bulletin), the business activities and human resources issues, and headcount and staff costs of the Group. It also reviewed and approved the proposed 2015 directors' fees for Executive Directors and made recommendation to the Board on the directors' fees for Non-executive Directors. In addition, the Committee reviewed and approved the year end bonus and 2015 remuneration package of Executive Directors and senior executives of the Company. Executive Directors do not participate in the determination of their own remuneration.

#### Remuneration Policy

The remuneration of Directors and senior executives is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions. Directors and employees also participate in bonus arrangements which are determined in accordance with the performance of the Group and the individual's performance.

## CORPORATE GOVERNANCE REPORT

### 2014 Remuneration

Directors' emoluments comprise payments to Directors from the Company and its subsidiaries. The emoluments of each of the Directors exclude amounts received from the subsidiaries of the Company and paid to the Company. The amounts paid to each Director in 2014 are as below:

Name of Director	Director's Fees HK\$'000	Basic Salaries, Allowances and Benefits- in-kind HK\$'000	Discretionary Bonuses HK\$'000	Provident Fund Contributions HK\$'000	Inducement or Compensation Fees HK\$'000	Total Emoluments HK\$'000
<b>Executive Directors</b>						
Han Xiaosheng <sup>(1) (2) (4) (6)</sup>	-	-	-	-	-	-
Liu Bing <sup>(6)</sup>	-	-	-	-	-	-
Liu Hongwei <sup>(6)</sup>	-	-	-	-	-	-
Liu Guosheng <sup>(6)</sup>	-	-	-	-	-	-
Fok Kin Ning, Canning <sup>(2) (7)</sup>	87	-	-	-	-	87
Lai Kai Ming, Dominic <sup>(7)</sup>	67	-	-	-	-	67
Tsui Kin Tung, Tony <sup>(5) (7)</sup>	67	1,880	1,929	322	-	4,198
Chow Woo Mo Fong, Susan <sup>(7)</sup>	67	-	-	-	-	67
Edith Shih <sup>(7)</sup>	67	-	-	-	-	67
<b>Non-executive Directors</b>						
Qin Dingguo <sup>(6)</sup>	-	-	-	-	-	-
Zheng Dong <sup>(6)</sup>	-	-	-	-	-	-
Zhao Yingwei <sup>(3) (6)</sup>	-	-	-	-	-	-
Qi Zixin <sup>(6)</sup>	-	-	-	-	-	-
Ronald Joseph Arculli <sup>(3) (7)</sup>	135	-	-	-	-	135
<b>Independent Non-executive Directors</b>						
Liu Jipeng <sup>(3) (4) (6)</sup>	19	-	-	-	-	19
Cai Hongping <sup>(2) (6)</sup>	19	-	-	-	-	19
Yan Fashan <sup>(2) (4) (6)</sup>	19	-	-	-	-	19
Lo Wa Kei Roy <sup>(3) (6)</sup>	19	-	-	-	-	19
Kwan Kai Cheong <sup>(2) (3) (7)</sup>	154	-	-	-	-	154
Lam Lee G. <sup>(2) (3) (7)</sup>	154	-	-	-	-	154
Lan Hong Tsung, David <sup>(7)</sup>	67	-	-	-	-	67
Total	941	1,880	1,929	322	-	5,072

Notes:

(1) Chief Executive Officer

(2) Member/former member of the Remuneration Committee

(3) Member/former member of the Audit Committee

(4) Member of the Nomination Committee

(5) Director's fee received from the subsidiaries of the Company have been paid to the Company and are not included in the amounts above

(6) Appointed on 28 November 2014

(7) Resigned on 19 December 2014



## CORPORATE GOVERNANCE REPORT

The remuneration paid to the members of the senior management by bands in 2014 is set out below:

Remuneration Bands*	Number of Individuals
HK\$4 million to HK\$5 million	1 <i>(Note)</i>
HK\$1 million to HK\$2 million	2
Nil to HK\$1 million	4

*Note: As at 31 December 2014, this individual is no longer the senior management of the Company.*

\* rounding to the nearest million

### NOMINATION OF DIRECTORS

#### Nomination Committee

With effect from 19 December 2014, the Nomination Committee comprising of Mr. Han Xiaosheng, Mr. Liu Jipeng and Mr. Yan Fashan as members, with Mr. Han Xiaosheng being the chairman, has been established by the Board with written terms of reference, which are posted on the websites of the Company and HKEx. The composition of the Nomination Committee meets the requirements of chairmanship and independence of the Listing Rules.

The principal duties and functions of the Nomination Committee are:

- review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- assess the independence of Independent Non-executive Directors; and
- make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

During 2014, the Board and the Nomination Committee reviewed its practices on Board diversity, continued to have a policy on Board diversity which recognises the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the businesses of the Company.

Board appointment has been, and will continue to be, made based on merit that complements and expands the skills, experience and expertise of the Board as a whole, taking into account gender, age, professional experience and qualifications, cultural and educational background, and any other factors that the Nomination Committee might consider relevant and applicable from time to time towards achieving a diverse Board.

## CORPORATE GOVERNANCE REPORT

The Board diversity policy is available at the website of the Company ([www.oceanwide.hk](http://www.oceanwide.hk)). The Nomination Committee will review and monitor from time to time the implementation of the policy to ensure its effectiveness and application.

### CODE OF CONDUCT

The Group places utmost importance on employees' ethical, personal and professional standards. Every employee is required to undertake to adhere to the Code of Conduct of the Group, and is expected to achieve the highest standards set out in the Code of Conduct including avoiding conflict of interest, discrimination or harassment and bribery and corruption etc. Employees are required to report any non-compliance with the Code of Conduct to the Management.

### RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

The Group actively promotes investor relations and communication with the investment community throughout the year. Through its Chairman, the Group responds to requests for information and queries from the investment community. A policy on shareholders' communication, which is available on the website of the Company, was adopted and is subject to regular review by the Board to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, interim and annual reports. An up-to-date consolidated version of the Memorandum of Association and Bye-laws of the Company is published on the websites of the Company and HKEx. Moreover, additional information on the Group is also available to shareholders and stakeholders through the Investor Relations page on the website of the Company.

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Section 74 of the Bermuda Companies Act, shareholder(s) holding not less than one-tenth of the issued share capital of the Company carrying voting rights at general meetings of the Company have statutory rights to call for special general meetings and put forward agenda items for consideration by shareholders, by sending the Company Secretary at the registered office address a written request for such general meetings, duly signed by the shareholders concerned together with the proposed agenda items.

Shareholders representing not less than one-twentieth of the total voting rights of all the shareholders or of at least one hundred shareholders in number, may put forward proposals for consideration at a general meeting of the Company by sending to the Company Secretary at the registered office address a written request for such proposals according to Sections 79 and 80 of the Bermuda Companies Act. All substantive resolutions at general meetings are decided on a poll which is conducted by the Company Secretary and scrutinised by the Hong Kong Branch Share Registrar of the Company. The results of the poll are published on the websites of the Company and HKEx. In addition, regular updated financial, business and other information on the Group is made available on the website of the Company for shareholders and stakeholders.

## CORPORATE GOVERNANCE REPORT

The 2014 Annual General Meeting and the 2014 Special General Meeting were held on 13 May 2014 and 24 December 2014, respectively. The Directors are requested and encouraged to attend shareholders' meetings albeit presence overseas for the Group businesses or unforeseen circumstances might prevent Directors from so doing. Separate resolutions were proposed at those meetings on each substantive issue and the percentage of votes cast in favour of such resolutions as disclosed in the announcements of the Company dated 13 May 2014 and 24 December 2014 are set out below:

<b>Resolutions proposed at the 2014 Annual General Meeting</b>		<b>Percentage of Votes*</b>
1	To receive and adopt the Statement of Audited Accounts, the Report of the Directors and Report of the Auditor for the year ended 31 December 2013	99.94%
2	To declare a final dividend	99.94%
3(a)	To re-elect Mr. Fok Kin Ning, Canning as a Director	99.60%
3(b)	To re-elect Ms. Edith Shih as a Director	98.29%
3(c)	To re-elect Mr. Kwan Kai Cheong as a Director	99.82%
3(d)	To authorise the Board of Directors to fix the Directors' remuneration	99.94%
4	To re-appoint PricewaterhouseCoopers as the Auditor and authorise the Board of Directors to fix its remuneration	99.94%
5	To grant a general mandate to the Directors to allot and issue securities of the Company	98.48%
6	To authorise the Directors to repurchase shares of the Company	99.94%
7	To approve the addition of the repurchased shares to the aggregate nominal share capital that can be allotted	98.55%
8	To amend the Bye-laws of the Company	99.94%
<b>Resolution proposed at the 2014 Special General Meeting</b>		<b>Percentage of Votes</b>
To change the English name of the Company from "Hutchison Harbour Ring Limited" to "China Oceanwide Holdings Limited" and to adopt the Chinese name "中泛控股有限公司" as the secondary name of the Company		100%

\* All percentages rounded to 2 decimal places.

## CORPORATE GOVERNANCE REPORT

Accordingly, all resolutions put to shareholders at the 2014 Annual General Meeting and the 2014 Special General Meeting were passed. The results of the voting by poll were published on the websites of the Company and HKEx.

Other corporate information relating to the Company is set out in the “Information for Shareholders” section of this annual report. This includes, among others, dates for key corporate events for 2015 and public float capitalisation as at 31 December 2014.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Comments and suggestions to the Board or the Company are welcome and can be addressed to the Chairman by mail to 64/F, Bank of China Tower, 1 Garden Road, Hong Kong.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITY

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business. It has adopted a proactive approach to environmental, social and governance responsibility. Details of the initiatives are set out on pages 7 and 8.

### ATTENDANCE TO MEETINGS

The attendance of individual Directors at the Board and committee meetings during the year ended 31 December 2014 is set out below:

Name of Director	Board Meetings	Remuneration Committee Meeting	Audit Committee Meetings
<b>Executive Directors</b>			
Han Xiaosheng <sup>(1)</sup>	2/2	1/1	-
Liu Bing <sup>(1)</sup>	2/2	-	-
Liu Hongwei <sup>(1)</sup>	2/2	-	-
Liu Guosheng <sup>(1)</sup>	2/2	-	-
Fok Kin Ning, Canning <sup>(2)</sup>	4/5	0/1	-
Lai Kai Ming, Dominic <sup>(2)</sup>	4/5	-	-
Tsui Kin Tung, Tony <sup>(2)</sup>	5/5	-	-
Chow Woo Mo Fong, Susan <sup>(2)</sup>	5/5	-	-
Edith Shih <sup>(2)</sup>	5/5	-	-

## CORPORATE GOVERNANCE REPORT

Name of Director	Board Meetings	Remuneration Committee Meeting	Audit Committee Meetings
<b>Non-executive Directors</b>			
Qin Dingguo <sup>(1)</sup>	2/2	-	-
Zheng Dong <sup>(1)</sup>	2/2	-	-
Zhao Yingwei <sup>(1)</sup>	2/2	-	1/1
Qi Zixin <sup>(1)</sup>	2/2	-	-
Ronald Joseph Arculli <sup>(2)</sup>	4/5	-	4/4
<b>Independent Non-executive Directors</b>			
Liu Jipeng <sup>(1)</sup>	2/2	-	1/1
Cai Hongping <sup>(1)</sup>	2/2	1/1	-
Yan Fashan <sup>(1)</sup>	2/2	1/1	-
Lo Wa Kei Roy <sup>(1)</sup>	1/2	-	1/1
Kwan Kai Cheong <sup>(2)</sup>	5/5	1/1	4/4
Lam Lee G. <sup>(2)</sup>	5/5	1/1	4/4
Lan Hong Tsung, David <sup>(2)</sup>	5/5	-	-

The attendance of individual Directors at the general meetings during the year ended 31 December 2014 is set out below:

Name of Director	Annual General Meeting on 13 May 2014	Special General Meeting on 24 December 2014
<b>Executive Directors</b>		
Han Xiaosheng <sup>(1)</sup>	-	✓
Liu Bing <sup>(1)</sup>	-	✓
Liu Hongwei <sup>(1)</sup>	-	✓
Liu Guosheng <sup>(1)</sup>	-	✓
Fok Kin Ning, Canning <sup>(2)</sup>	✓	-
Lai Kai Ming, Dominic <sup>(2)</sup>	✓	-
Tsui Kin Tung, Tony <sup>(2)</sup>	✓	-
Chow Woo Mo Fong, Susan <sup>(2)</sup>	✓	-
Edith Shih <sup>(2)</sup>	✓	-

## CORPORATE GOVERNANCE REPORT

Name of Director	Annual General Meeting on 13 May 2014	Special General Meeting on 24 December 2014
<b><u>Non-executive Directors</u></b>		
Qin Dingguo <sup>(1)</sup>	-	✓
Zheng Dong <sup>(1)</sup>	-	✓
Zhao Yingwei <sup>(1)</sup>	-	✓
Qi Zixin <sup>(1)</sup>	-	✓
Ronald Joseph Arculli <sup>(2)</sup>	✓	-
<b><u>Independent Non-executive Directors</u></b>		
Liu Jipeng <sup>(1)</sup>	-	✓
Cai Hongping <sup>(1)</sup>	-	×
Yan Fashan <sup>(1)</sup>	-	✓
Lo Wa Kei Roy <sup>(1)</sup>	-	✓
Kwan Kai Cheong <sup>(2)</sup>	✓	-
Lam Lee G. <sup>(2)</sup>	✓	-
Lan Hong Tsung, David <sup>(2)</sup>	✓	-

Notes:

(1) Appointed on 28 November 2014

(2) Resigned on 19 December 2014

By Order of the Board

**Han Xiaosheng**  
*Chairman*

Hong Kong, 17 March 2015

## INDEPENDENT AUDITOR'S REPORT

**To the shareholders of China Oceanwide Holdings Limited  
(formerly known as Hutchison Harbour Ring Limited)**  
*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of China Oceanwide Holdings Limited (formerly known as Hutchison Harbour Ring Limited) (the "Company") and its subsidiaries (together, the "Group") set out on pages 50 to 97, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 17 March 2015



## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Revenue</b>	5	<b>94,414</b>	88,433
Cost of sales		<b>(16,955)</b>	(16,644)
<b>Gross profit</b>		<b>77,459</b>	71,789
Interest income		<b>76,004</b>	103,928
Other net (losses)/gains		<b>(4,215)</b>	50,420
Administrative expenses		<b>(27,437)</b>	(24,861)
Selling and distribution costs		<b>(1,793)</b>	(1,593)
<b>Profit before tax</b>	6	<b>120,018</b>	199,683
Tax charge	7	<b>(22,271)</b>	(16,642)
<b>Profit for the year</b>		<b>97,747</b>	183,041
<b>Attributable to:</b>			
Non-controlling interests		<b>9,454</b>	8,295
Shareholders of the Company	8	<b>88,293</b>	174,746
		<b>97,747</b>	183,041
<b>Basic and diluted earnings per share attributable to shareholders of the Company</b>	9	<b>HK0.98 cents</b>	HK1.95 cents

Details of proposed final dividend payable to shareholders of the Company are set out in Note 10.

The notes on pages 58 to 97 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
<b>Profit for the year</b>	<b>97,747</b>	183,041
<b>Other comprehensive income/(expenses):</b>		
<b>Items that may be reclassified subsequently to profit and loss:</b>		
Translating financial statements of foreign operations:		
– (Losses)/gains taken to reserves	<b>(12,514)</b>	43,637
Available-for-sale financial assets:		
– Valuation gains/(losses) taken to reserves	<b>30,039</b>	(49,292)
– Gains previously in reserves recognised in income statement	<b>(7,440)</b>	–
<b>Other comprehensive income/(expenses) for the year, net of tax*</b>	<b>10,085</b>	(5,655)
<b>Total comprehensive income for the year</b>	<b>107,832</b>	177,386
<b>Total comprehensive income attributable to:</b>		
Non-controlling interests	<b>7,874</b>	14,386
Shareholders of the Company	<b>99,958</b>	163,000
	<b>107,832</b>	177,386

\* There was no tax effect on each component of the other comprehensive income/(expenses) for the year ended 31 December 2014 and 2013.

The notes on pages 58 to 97 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	6,054	4,819
Investment properties	15	1,029,872	1,039,946
Leasehold land and land use rights	16	1,610	1,682
Available-for-sale financial assets	18	678,536	159,587
		<b>1,716,072</b>	1,206,034
<b>Current assets</b>			
Available-for-sale financial assets	18	-	1,118,523
Trade receivables	19	1,764	127
Deposits, prepayments and other receivables		25,282	50,234
Bank deposits with maturity over three months	20	320,931	289,317
Cash and cash equivalents	20	2,605,580	3,888,476
		<b>2,953,557</b>	5,346,677
<b>Total assets</b>		<b>4,669,629</b>	6,552,711

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>EQUITY</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	23	896,814	896,814
Reserves		3,312,980	5,203,949
<b>Non-controlling interests</b>			
		4,209,794	6,100,763
		162,627	154,753
<b>Total equity</b>		<b>4,372,421</b>	6,255,516
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Deferred tax liabilities	22	186,346	177,860
<b>Current liabilities</b>			
Deposits received, other payables and accruals	21	76,559	74,687
Tax payables		34,303	44,648
		110,862	119,335
<b>Total liabilities</b>		<b>297,208</b>	297,195
<b>Total equity and liabilities</b>		<b>4,669,629</b>	6,552,711
<b>Net current assets</b>		<b>2,842,695</b>	5,227,342
<b>Total assets less current liabilities</b>		<b>4,558,767</b>	6,433,376

The notes on pages 58 to 97 are an integral part of these consolidated financial statements.

**HAN Xiaosheng**  
Chairman

**LIU Guosheng**  
Director

## STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investments in subsidiaries	17	659,085	659,085
<b>Current assets</b>			
Amounts due from subsidiaries	17	877,400	1,450,847
Deposits, prepayments and other receivables		3,329	7,505
Cash and cash equivalents	20	2,113,879	3,431,724
		2,994,608	4,890,076
<b>Total assets</b>		<b>3,653,693</b>	5,549,161
<b>EQUITY</b>			
<b>Equity</b>			
Share capital	23	896,814	896,814
Reserves	25	2,751,808	4,646,636
<b>Total equity</b>		<b>3,648,622</b>	5,543,450
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables and accruals		5,071	5,711
<b>Total liabilities</b>		<b>5,071</b>	5,711
<b>Total equity and liabilities</b>		<b>3,653,693</b>	5,549,161
<b>Net current assets</b>		<b>2,989,537</b>	4,884,365
<b>Total assets less current liabilities</b>		<b>3,648,622</b>	5,543,450

The notes on pages 58 to 97 are an integral part of these financial statements.

**HAN Xiaosheng**  
Chairman

**LIU Guosheng**  
Director

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Operating activities</b>			
Cash generated from operating activities before finance costs, tax paid and changes in working capital	26(a)	<b>37,204</b>	45,887
Changes in working capital	26(b)	<b>(2,984)</b>	(31,081)
Cash generated from operations		<b>34,220</b>	14,806
Interest received		<b>109,356</b>	111,180
Tax paid – outside Hong Kong		<b>(20,766)</b>	(14,749)
<b>Net cash from operating activities</b>		<b>122,810</b>	111,237
<b>Investing activities</b>			
Proceeds from the disposal of subsidiaries in prior years	6	-	29,912
Increase in bank deposits with maturity over three months		<b>(31,614)</b>	(23,590)
Purchase of property, plant and equipment		<b>(1,858)</b>	(279)
Purchase of available-for-sale financial assets		<b>(490,968)</b>	(65,538)
Proceeds from the realisation of listed debt securities		<b>1,115,400</b>	-
<b>Net cash from/(used in) investing activities</b>		<b>590,960</b>	(59,495)
<b>Financing activities</b>			
Dividends paid		<b>(1,990,927)</b>	(197,299)
<b>Net cash used in financing activities</b>		<b>(1,990,927)</b>	(197,299)
<b>Decrease in cash and cash equivalents</b>		<b>(1,277,157)</b>	(145,557)
<b>Cash and cash equivalents at 1 January</b>		<b>3,888,476</b>	4,013,602
<b>Exchange (losses)/gains on cash and cash equivalents</b>		<b>(5,739)</b>	20,431
<b>Cash and cash equivalents at 31 December</b>		<b>2,605,580</b>	3,888,476
<b>Analysis of cash, liquid funds and listed investments</b>			
Bank deposits with maturity of less than three months		<b>2,558,651</b>	3,831,759
Cash at banks and on hand		<b>46,929</b>	56,717
Cash and cash equivalents		<b>2,605,580</b>	3,888,476
Bank deposits with maturity over three months		<b>320,931</b>	289,317
Available-for-sale financial assets, overseas listed investments		<b>678,536</b>	1,278,110
<b>Total cash, liquid funds and listed investments</b>		<b>3,605,047</b>	5,455,903

The notes on pages 58 to 97 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to shareholders of the Company							Non-	Total
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other	Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	controlling interests HK\$'000	
				properties revaluation reserve HK\$'000					
At 1 January 2014	896,814	2,612,756	269,021	8,970	12,780	2,300,422	6,100,763	154,753	6,255,516
<b>Other comprehensive income</b>									
Losses on translating financial statements of foreign operations:									
– Taken to reserves	-	-	(10,847)	(87)	-	-	(10,934)	(1,580)	(12,514)
Available-for-sale financial assets:									
– Valuation gains taken to reserves	-	-	-	-	30,039	-	30,039	-	30,039
– Gains previously in reserves recognised in income statement	-	-	-	-	(7,440)	-	(7,440)	-	(7,440)
Net income/(expenses) recognised directly in equity	-	-	(10,847)	(87)	22,599	-	11,665	(1,580)	10,085
Profit for the year	-	-	-	-	-	88,293	88,293	9,454	97,747
<b>Total comprehensive income/(expenses)</b>	-	-	(10,847)	(87)	22,599	88,293	99,958	7,874	107,832
Share options lapsed	-	-	-	-	(201)	201	-	-	-
2013 final dividend paid	-	-	-	-	-	(197,299)	(197,299)	-	(197,299)
2014 interim dividend paid	-	-	-	-	-	(1,793,628)	(1,793,628)	-	(1,793,628)
<b>Total transactions with shareholders recognised directly in equity</b>	-	-	-	-	(201)	(1,990,726)	(1,990,927)	-	(1,990,927)
At 31 December 2014	896,814	2,612,756	258,174	8,883	35,178	397,989	4,209,794	162,627	4,372,421

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other properties revaluation reserve HK\$'000	(Note) Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	896,814	2,612,756	231,756	8,689	62,072	2,322,975	6,135,062	140,367	6,275,429
<b>Other comprehensive income</b>									
Gains on translating financial statements of foreign operations:									
- Taken to reserves	-	-	37,265	281	-	-	37,546	6,091	43,637
Available-for-sale financial assets:									
- Valuation losses taken to reserves	-	-	-	-	(49,292)	-	(49,292)	-	(49,292)
Net income/(expenses) recognised directly in equity	-	-	37,265	281	(49,292)	-	(11,746)	6,091	(5,655)
Profit for the year	-	-	-	-	-	174,746	174,746	8,295	183,041
<b>Total comprehensive income/(expenses)</b>	-	-	37,265	281	(49,292)	174,746	163,000	14,386	177,386
2012 final dividend paid	-	-	-	-	-	(197,299)	(197,299)	-	(197,299)
<b>Total transactions with shareholders recognised directly in equity</b>	-	-	-	-	-	(197,299)	(197,299)	-	(197,299)
At 31 December 2013	896,814	2,612,756	269,021	8,970	12,780	2,300,422	6,100,763	154,753	6,255,516

Note:

Other reserves comprise investment revaluation reserve, share-based compensation reserve and capital redemption reserve.

	Investment revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Capital redemption reserve HK\$'000	Total HK\$'000
At 1 January 2013	58,313	201	3,558	62,072
At 31 December 2013 and 1 January 2014	<b>9,021</b>	<b>201</b>	<b>3,558</b>	<b>12,780</b>
At 31 December 2014	<b>31,620</b>	-	<b>3,558</b>	<b>35,178</b>

The notes on pages 58 to 97 are an integral part of these consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION

China Oceanwide Holdings Limited (formerly known as Hutchison Harbour Ring Limited) (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in property investments in Mainland China and earns rental income.

Pursuant to a special resolution passed on the special general meeting held by the Company on 24 December 2014, the change of the English name of the Company from “Hutchison Harbour Ring Limited” to “China Oceanwide Holdings Limited” and the adoption of the Chinese name “中泛控股有限公司” as the secondary name of the Company had both become effective on 29 December 2014. The Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were both issued by the Bermuda Registrar of Companies on 12 January 2015. The Companies Registrar in Hong Kong has issued a Certificate of Registration of Alternation of Name of Registered Non-Hong Kong Company on 20 January 2015 confirming the registration of the Company’s new English and Chinese names of “China Oceanwide Holdings Limited” and “中泛控股有限公司” respectively in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The Company is a limited liability company incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair value, as explained in the significant accounting policies set out below.

#### (a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date when the control is transferred to the Group to the date when control ceases. The acquisition of subsidiaries is accounted for using the acquisition method.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Non-controlling interests represent the interests of shareholders external to the Group in the operating results and net assets of subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

#### (c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that make strategic decisions.

#### (d) Foreign currency translation

##### (i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported in the income statement as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Foreign currency translation (Continued)

##### *(iii) Group's entities*

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

#### (e) Property, plant and equipment

Property, plant and equipment comprise mainly buildings, leasehold improvements, furniture, fixtures and equipment, and motor vehicles. Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised and charged to the income statement. All repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost less accumulated impairment losses over their estimated useful lives, as follows:

Buildings	20 years
Leasehold improvements	5 years or over the term of the relevant leases, whichever is shorter
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Property, plant and equipment (Continued)

The gain or loss on disposal of a property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

The assets' useful lives are reviewed, and adjusted if appropriate, at each date of statement of financial position.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### (f) Investment properties

Investment properties are interests in land and buildings that are held for earning rentals or for capital appreciation or both. Investment properties are measured initially at cost and are subsequently carried in the statement of financial position at fair value determined annually by independent professional valuers at the date of the statement of financial position, and are not depreciated. Changes in fair values are recognised in the income statement.

#### (g) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. At each statement of financial position date subsequent to initial recognition, these financial assets are carried at fair value and changes in fair value are dealt with as movements in the investment revaluation reserve except for impairment losses which are charged to the income statement. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the income statement. Dividends from available-for-sale investments are recognised when the right to receive payment is established. When available-for-sale investments are sold, the cumulative fair value gains or losses previously recognised in investment revaluation reserve is removed from investment revaluation reserve and recognised in the income statement.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Available-for-sale financial assets (Continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in income statement, the impairment loss is reversed through the income statement.

#### (h) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation or amortisation are reviewed to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement.

#### (i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered as indicators that the trade receivable is impaired. The amount of the provision is recognised in the income statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with banks with original maturities of three months or less.

#### (k) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### (l) Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (m) Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### (i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Company's subsidiaries operate and generate taxable income. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Current and deferred income tax (Continued)

##### (ii) *Deferred income tax*

###### *Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

###### *Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

##### (iii) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases (including up-front prepayments made for the leasehold land and land use rights) net of any incentives received from the leasing company are charged to the income statement on a straight-line basis over the lease periods.

#### (o) Finance costs

Finance costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other finance costs are charged to the income statement in the year incurred.

#### (p) Employee benefits

- (i) Salaries, bonus, paid annual leave and the cost of other benefits to the Group are accrued in the year in which the associated services are rendered by employees of the Group.
- (ii) The Group operates two defined contribution schemes for Hong Kong employees, the assets of which are held in separate administered funds. The Group's contributions to the defined contribution schemes are expensed as incurred and are not reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

The Group also contributes on a monthly basis to various defined contribution retirement benefit plans organised by relevant municipal and provincial governments in Mainland China. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees for post-retirement benefits beyond the contributions made. The assets of these plans are held separately from those of the Group in independently administered funds managed by the government of Mainland China. Contributions to these plans are expensed as incurred.

- (iii) Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of Hong Kong Accounting Standard ("HKAS") 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.



## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Share-based compensation

The Group operates an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become vested. At each date of the statement of financial position, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement and a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

#### (r) Revenue recognition

##### *Rental income from operating leases*

Rental income receivable under operating leases is recognised in the income statement in equal instalments over the accounting periods covered by the lease term. Lease incentives granted are recognised in the income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the year in which they are earned.

#### (s) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

#### (t) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (u) Dividend distribution

Dividend distribution of the final dividend to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group has adopted all of the new and revised standards, amendments and interpretations issued by the HKICPA that are effective for annual periods beginning on 1 January 2014. The adoption of these new and revised standards, amendments and interpretations does not have an impact on the Group's accounting policies.

At the date these financial statements are authorised for issue, the following standards, amendments and interpretations were in issue but not yet effective and have not been early adopted by the Group:

HKAS 1 Amendment	The Disclosure Initiative <sup>(2)</sup>
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>(2)</sup>
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants <sup>(2)</sup>
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions <sup>(1)</sup>
HKAS 27 Amendment	Equity Method in Separate Financial Statements <sup>(2)</sup>
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>(2)</sup>
HKFRS 9	Financial Instruments <sup>(4)</sup>
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations <sup>(2)</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>(2)</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>(3)</sup>
Annual Improvements 2010-2012 Cycle	Improvements to HKFRSs <sup>(1)</sup>
Annual Improvements 2011-2013 Cycle	Improvements to HKFRSs <sup>(1)</sup>
Annual Improvements 2012-2014 Cycle	Improvements to HKFRSs <sup>(2)</sup>

(1) Effective for the Group for annual periods beginning on or after 1 July 2014

(2) Effective for the Group for annual periods beginning on or after 1 January 2016

(3) Effective for the Group for annual periods beginning on or after 1 January 2017

(4) Effective for the Group for annual periods beginning on or after 1 January 2018

The Group is in the process of assessing the potential impact of the above new and revised HKFRSs upon initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by senior management of the Group under policies approved by the board of directors of the Company.

##### (i) *Market risk*

###### *Foreign exchange risk*

The Group is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the United States dollar, Hong Kong dollar and Renminbi. The Group's revenue and the operating costs are denominated in Hong Kong dollars and Renminbi. The Group is exposed to other currency movements, primarily in terms of bank deposits and available-for-sale financial assets denominated in United States dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group has not entered into any derivative instruments to hedge its foreign exchange exposures.

At 31 December 2014, if the Hong Kong dollar had weakened/strengthened by 0.5% against the United States dollar with all other variables held constant, profit for the year and equity would have been HK\$10,634,000 (2013: HK\$17,216,000) and HK\$3,393,000 (2013: HK\$6,391,000) higher/lower respectively, mainly as a result of foreign exchange gains/losses on translation of United States dollar-denominated cash and bank deposits and listed investments. Profit is less sensitive to movement in the Hong Kong dollar/United States dollar exchange rate in 2014 than 2013 because of the decreased amount of United States dollar-denominated cash and bank deposits. Equity is less sensitive to movement in the Hong Kong dollar/United States dollar exchange rate in 2014 than 2013 because of the decreased amount of United States dollar-denominated available-for-sale financial assets. The Group considers the risk of movements in exchange rates between the Hong Kong dollar and the United States dollar to be not significant due to the fact that the Hong Kong dollar and the United States dollar are pegged.

There is no significant foreign exchange risk arising from foreign currency exposures with respect to Renminbi at 31 December 2014 and 31 December 2013.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (i) *Market risk (Continued)*

###### *Price risk*

The Group's main market price risk exposures relate to available-for-sale financial assets which are mainly comprised of listed debt securities. At 31 December 2014, if the market price of the available-for-sale financial assets had increased/decreased by 1%, the equity would have been HK\$6,785,000 (2013: HK\$12,781,000) higher/lower, mainly as a result of the gains/losses on available-for-sale financial assets. The Group closely monitors the price movement and changes in market conditions that may have an impact on the value of these financial assets. The available-for-sale financial assets represented approximately 19% of the Group's total cash, liquid funds and listed investments.

###### *Interest rate risk*

The Group has no significant interest-bearing assets except for cash and bank deposits and the listed debt securities included under available-for-sale financial assets. The interest rate for the listed debt securities was fixed. At 31 December 2014, if interest rates on cash and bank deposits had been 100 basis points higher/lower with all other variables held constant, profit for the year would have been HK\$29,265,000 (2013: HK\$41,778,000) higher/lower, mainly as a result of higher/lower interest income on floating rate deposits.

##### (ii) *Credit risk*

The aggregate revenue from the five largest customers represent 46.7% (2013: 39.9%) of total revenue, of which, two (2013: one) customers individually exceed 10% of the total revenue for the year ended 31 December 2014.

At 31 December 2014, the balance of trade and other receivables mainly represented rental receivables and interest receivable. Rental deposits are required from tenants prior to the commencement of leases. The Group performs periodic credit evaluations of these debtors to manage the risk.

There is no significant credit risk in relation to the Group's cash and bank deposits as cash and bank deposits are placed with banks and financial institutions with good credit ratings. 91% of the Group's bank deposits were placed in international financial institutions with minimum credit ratings of A2/A as rated by Moody's and Standard & Poor's as at 31 December 2014.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Financial risk factors (Continued)

##### (ii) Credit risk (Continued)

The Group's available-for-sale financial assets were listed in Singapore with credit rating of A3/A- as rated by Moody's and Standard & Poor's as at 31 December 2014.

The maximum exposure to credit risk for the Group and the Company at the reporting date is the carrying amount of each class of financial assets.

##### (iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Contractual payment			
	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000
<b>At 31 December 2014</b>				
<b>Deposits received, other payables and accruals</b>	<b>17,360</b>	<b>6,367</b>	<b>10,445</b>	<b>2,152</b>
At 31 December 2013				
Deposits received, other payables and accruals	13,503	9,678	9,107	2,006

#### (b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## NOTES TO THE FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Capital risk management (Continued)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total capital. Total debt is calculated as "total borrowings". Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

The Group's strategy is to maintain healthy current ratio and gearing ratio, and sufficient cash and cash equivalents to support the operations and development of its business. At 31 December 2014 and 31 December 2013, the Group did not have any borrowings.

#### (c) Fair value estimation

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2014 and 31 December 2013. The different levels have been defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (iii) Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>At 31 December 2014</b>				
<b>Available-for-sale financial assets</b>				
– Debt securities with fixed interest rate	678,536	–	–	678,536
<b>Total financial assets</b>	<b>678,536</b>	<b>–</b>	<b>–</b>	<b>678,536</b>
<b>At 31 December 2013</b>				
Available-for-sale financial assets				
– Debt securities with fixed interest rate	1,278,110	–	–	1,278,110
Total financial assets	1,278,110	–	–	1,278,110

There were no transfers between levels 1, 2 and 3 during the year ended 31 December 2014 (2013: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Fair value estimation (Continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The disclosures of the investment properties that are measured at fair value are set out in Note 15.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Note 2 to the financial statements includes a summary of the significant accounting policies used in the preparation of the financial statements. The preparation of financial statements often requires the use of judgments to select specific accounting methods and policies from several acceptable alternatives. Furthermore, significant estimates and assumptions concerning the future may be required in selecting and applying those methods and policies in the financial statements. The Group bases its estimates and judgments on historical experience and various other assumptions that it believes are reasonable under the circumstances. Actual results may differ from these estimates and judgments under different assumptions or conditions.

The following is a review of the more significant assumptions and estimates, as well as the accounting policies and methods used in the preparation of the financial statements.

#### (a) Income taxes

The Group is subject to income taxes mainly in Hong Kong and Mainland China, in which new and revised tax laws and regulations are issued from time to time and some of which may take effect on a retrospective basis. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain, in particular for the tax in Mainland China, during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues taking into account the existing tax legislations and market practice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### (b) Estimated fair value of investment properties

Details of the judgment and assumptions used for determination of fair value of investment properties are set out in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

#### (c) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably established.

Management's judgment is required in assessing the quantum of provisions at each date of the statement of financial position, which are made based on an estimation of historical and anticipated claims, the merits of the claims against the Group, and the existence of any obligation under the terms of relevant agreements with the counter parties. The amount of provisions represent management's best estimate of the expenditure required to settle the present obligations. The basis of estimation is reviewed on an on-going basis and revised where appropriate to reflect the current best estimate.

### 5 REVENUE AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 32.

Revenue represents rental and service income. The amount of revenue recognised during the year is as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Rental and service income from investment properties	<b>94,414</b>	88,433

The Group has two reportable segments, including property division and corporate division.

The segments are managed separately as each business offers different services and each segment is subject to risks and returns that are different from the other.

Earnings before interest expense and tax ("EBIT") are regarded as segment results in respect of the Group's reportable segments as the directors consider that this can better reflect the performance of each division. EBIT is used on the Group's internal financial and management reporting to monitor business performances.



## NOTES TO THE FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information:

	Year ended 31 December 2014		
	Property division HK\$'000	Corporate division HK\$'000	Total HK\$'000
Segment revenue from external customers – Company and subsidiaries	<b>94,414</b>	–	<b>94,414</b>
Segment results before net foreign exchange losses – Company and subsidiaries	<b>93,239</b>	<b>30,994</b>	<b>124,233</b>
Net foreign exchange losses (Note 6)	–	<b>(4,215)</b>	<b>(4,215)</b>
Earnings before interest expense and tax	<b>93,239</b>	<b>26,779</b>	<b>120,018</b>
Tax charge	<b>(22,271)</b>	–	<b>(22,271)</b>
Profit for the year			<b>97,747</b>
Segment assets	<b>1,857,991</b>	<b>2,811,638</b>	<b>4,669,629</b>
Total assets			<b>4,669,629</b>
Segment liabilities	<b>68,672</b>	<b>7,887</b>	<b>76,559</b>
Tax payables	<b>34,303</b>	–	<b>34,303</b>
Deferred tax liabilities	<b>186,346</b>	–	<b>186,346</b>
Total liabilities			<b>297,208</b>
Capital expenditure	<b>184</b>	<b>1,674</b>	<b>1,858</b>
Interest income	<b>21,688</b>	<b>54,316</b>	<b>76,004</b>
Depreciation of property, plant and equipment	<b>(489)</b>	<b>(85)</b>	<b>(574)</b>
Amortisation of leasehold land and land use rights	<b>(56)</b>	–	<b>(56)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information: (Continued)

	Year ended 31 December 2013		
	Property division HK\$'000	Corporate division HK\$'000	Total HK\$'000
Segment revenue from external customers			
– Company and subsidiaries	88,433	–	88,433
Segment results before write back of provisions and others			
– Company and subsidiaries	86,082	63,181	149,263
Write back of provisions and others (Note 6)	50,420	–	50,420
Earnings before interest expense and tax	136,502	63,181	199,683
Tax charge	(16,642)	–	(16,642)
Profit for the year			183,041
Segment assets	1,800,953	4,751,758	6,552,711
Total assets			6,552,711
Segment liabilities	68,464	6,223	74,687
Tax payables	44,648	–	44,648
Deferred tax liabilities	177,860	–	177,860
Total liabilities			297,195
Capital expenditure	157	122	279
Interest income	20,116	83,812	103,928
Depreciation of property, plant and equipment	(478)	(18)	(496)
Amortisation of leasehold land and land use rights	(56)	–	(56)

## NOTES TO THE FINANCIAL STATEMENTS

### 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Geographical information:

The Group operates primarily in Hong Kong and Mainland China. In presenting information of geographical segments, segment revenue is based on the geographical location of provision of services.

During the years ended 31 December 2014 and 2013, all the revenues are derived from Mainland China.

Non-current assets (excluding available-for-sale financial assets) are mainly located in Mainland China at 31 December 2014 and 31 December 2013.

#### Information about major customers:

Revenue of approximately HK\$28.0 million is derived from two single external customers (2013: HK\$10.6 million from a single customer) which individually amount to 10% or more of the Group's revenue. This revenue is attributable to the property division and is derived from Mainland China.

### 6 PROFIT BEFORE TAX

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Profit before tax is stated after crediting and charging the following:		
<u>Crediting</u>		
Rental income from investment properties less outgoings of HK\$13,051,000 (2013: HK\$13,075,000)	<b>77,043</b>	70,965
Write back of provisions and others ( <i>Note a</i> )	-	50,420
<u>Charging</u>		
Staff costs ( <i>Note 11</i> )	<b>17,150</b>	16,351
Depreciation of property, plant and equipment ( <i>Note 14</i> )	<b>574</b>	496
Amortisation of leasehold land and land use rights ( <i>Note 16</i> )	<b>56</b>	56
Operating lease charges in respect of properties	<b>779</b>	486
Auditor's remuneration		
Audit and audit related work		
PricewaterhouseCoopers	<b>2,897</b>	2,247
Other auditors	<b>38</b>	38
Net foreign exchange losses ( <i>Note b</i> )	<b>4,215</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

### 6 PROFIT BEFORE TAX (CONTINUED)

Note:

- (a) *The Group entered into a very substantial disposal transaction in 2008 to dispose of certain subsidiaries which owned an investment property in the Mainland China (the "Disposal"). Pursuant to the sale and purchase agreement entered into in connection with the Disposal (the "Agreement"), the consideration should be adjusted on a dollar-for-dollar basis with reference to the net surplus as derived from the completion balance sheet.*

*During the year ended 31 December 2013, the Group entered into a settlement arrangement with the purchaser (the "Settlement Arrangement"), by which the completion balance sheet and the dollar-for-dollar consideration adjustment (the "Outstanding Consideration") were confirmed and agreed by the Group and the purchaser. Under the Settlement Arrangement, the purchaser agreed to release and discharge the Group from all claims and obligations arising out of or related to the Agreement, and paid to the Group the Outstanding Consideration amounted to HK\$29,912,000.*

*As at 31 December 2013, the Group reassessed that the crystallisation of the exposures associated with the legal undertakings related to the Disposal had become not probable and thus the Group had written back the related provisions and accruals in the total amount of HK\$20,508,000.*

- (b) *Other net losses for the year ended 31 December 2014 mainly represented foreign exchange losses realised for the purpose of interim dividend payment, partially offset by gain realised on listed debt securities.*

### 7 TAX CHARGE

	2014 HK\$'000	2013 HK\$'000
Current tax, outside Hong Kong		
– current year provision	<b>10,960</b>	10,387
Deferred tax charge		
– current year provision	<b>11,311</b>	10,559
– write back of deferred tax liabilities provided in prior years	–	(4,304)
	<b>22,271</b>	16,642

The Group's subsidiaries in Mainland China are subject to Enterprise Income Tax of Mainland China at a standard rate of 25% for 2014 (2013: 25%).

No Hong Kong profits tax has been provided as the Group has no estimated assessable profits for the year ended 31 December 2014 (2013: Nil).

Upon entering into the Settlement Arrangement with the purchaser as mentioned in Note 6(a) to the financial statements, the Group reassessed that the crystallisation of the tax exposures associated with the Disposal had become not probable and thus the Group had written back the related deferred tax liabilities during the year ended 31 December 2013.

## NOTES TO THE FINANCIAL STATEMENTS

### 7 TAX CHARGE (CONTINUED)

The differences between the Group's expected tax charges calculated at the domestic rates and the Group's tax charge for the years were as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Profit before tax	<b>120,018</b>	199,683
Tax calculated at the domestic rates applicable to the profits in the countries concerned	<b>20,051</b>	19,833
Income not subject to tax	<b>(5,074)</b>	(4,027)
Expenses not deductible for tax purposes	<b>5,475</b>	3,445
Tax losses not recognised	<b>2,083</b>	1,714
Over provision in prior years	-	(4,304)
Other temporary differences	<b>(264)</b>	(19)
Total tax charge	<b>22,271</b>	16,642

The weighted average applicable tax rate was 16.7% (2013: 9.9%). The increase for the year ended 31 December 2014 is mainly due to the decrease in income derived from subsidiaries in a low tax jurisdiction.

### 8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK\$96,093,000 (2013: HK\$75,706,000).

### 9 EARNINGS PER SHARE

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>2014</b>	2013
Weighted average number of ordinary shares in issue	<b>8,968,140,707</b>	8,968,140,707
Profit attributable to shareholders of the Company (HK\$'000)	<b>88,293</b>	174,746
Basic earnings per share attributable to shareholders of the Company (HK cent per share)	<b>0.98</b>	1.95

## NOTES TO THE FINANCIAL STATEMENTS

### 9 EARNINGS PER SHARE (CONTINUED)

#### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares deemed to be issued assuming the exercise of the share options.

	2014	2013
Weighted average number of ordinary shares in issue	<b>8,968,140,707</b>	8,968,140,707
Adjustment for share options	<b>7,286</b>	4,432
	<b>8,968,147,993</b>	8,968,145,139
Profit attributable to shareholders of the Company (HK\$'000)	<b>88,293</b>	174,746
Diluted earnings per share attributable to shareholders of the Company (HK cent per share)	<b>0.98</b>	1.95

Following the close of the mandatory cash offers which arose from the change of controlling shareholders, the share options were lapsed on 18 December 2014 (Note 24).

### 10 DIVIDEND

	2014 HK\$'000	2013 HK\$'000
Final dividend – Nil (2013: HK2.2 cents) per ordinary share	–	197,299
Interim dividend paid – HK20.0 cents (2013: nil) per ordinary share	<b>1,793,628</b>	–
	<b>1,793,628</b>	197,299

No dividend was proposed for the year ended 31 December 2014. The amount of proposed final dividend for 2013 was based on 8,968,140,707 shares in issue on 24 February 2014 and the amount paid of HK\$197,299,000 was based on 8,968,140,707 shares in issue and recorded on the Registers of Members of the Company on 28 May 2014.

On 22 August 2014, the Directors declared an interim dividend of HK20.0 cents per ordinary share. The interim dividend was based on 8,968,140,707 shares in issue on 22 August 2014 and was paid on 18 September 2014.

## NOTES TO THE FINANCIAL STATEMENTS

### 11 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

The amount recognised during the year is as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Wages and salaries	<b>14,438</b>	13,823
Other allowances and benefits	<b>845</b>	729
Pension costs	<b>1,867</b>	1,799
Total staff costs (including directors' emoluments)	<b>17,150</b>	16,351

### 12 RETIREMENT BENEFITS SCHEMES

The Group has two defined contribution schemes for all qualified employees in Hong Kong.

- (a) Hong Kong employees who commenced employment before 1 September 2000 are members of the first defined contribution scheme. The assets of the first defined contribution scheme are held separately under a provident fund managed by an independent trustee. Pursuant to the rules of the scheme, the employers and its employees are each required to make contributions to the scheme calculated at 5% of the employees' basic salaries on a monthly basis. The employees are entitled to 100% of the employers' contributions and accrued interest after 10 years' service, or at an increasing scale of between 20% to 90% after completion of 2 to 9 years' service.

When there are employees who leave the scheme prior to vesting fully in the contributions, in accordance with the rules of the scheme, the forfeited employers' contributions arising from members terminating employment before becoming fully vested are allocated to the benefit of the remaining members instead of being used to reduce the future contributions of the employers.

- (b) All qualified Hong Kong employees who commenced employment on or after 1 September 2000 are members of the second defined contribution scheme which has been set up in accordance with the guidelines of Mandatory Provident Fund Schemes Ordinance. Both the employers and employees contribute 5% of relevant income (limited to HK\$1,250 before 1 June 2014 and HK\$1,500 from 1 June 2014) to the scheme each month. The assets of the second defined contribution scheme are held separately from those of the Group in funds under the control of trustees.

The employees of the Group's subsidiaries in Mainland China are members of a state-managed retirement benefit plan operated by the government of Mainland China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

## NOTES TO THE FINANCIAL STATEMENTS

### 13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

#### (a) Directors' emoluments

Directors' emoluments comprise payments to directors of the Company by the Group in connection with the management of the affairs of the Group. The emoluments of each of the Directors exclude amounts received from the subsidiaries of the Company and paid to the Company. The emoluments of the directors of the Company are as follows:

Name of director	Director's fees HK\$'000	Basic salaries, allowances and benefits-in-kind HK\$'000	Discretionary bonuses HK\$'000	Provident fund contributions HK\$'000	Inducement or compensation fees HK\$'000	2014 Total emoluments HK\$'000
<b>Executive Directors</b>						
Han Xiaosheng <sup>(1)(2)(4)(6)</sup>	-	-	-	-	-	-
Liu Bing <sup>(6)</sup>	-	-	-	-	-	-
Liu Hongwei <sup>(6)</sup>	-	-	-	-	-	-
Liu Guosheng <sup>(6)</sup>	-	-	-	-	-	-
Fok Kin Ning, Canning <sup>(2)(7)</sup>	87	-	-	-	-	87
Lai Kai Ming, Dominic <sup>(7)</sup>	67	-	-	-	-	67
Tsui Kin Tung, Tony <sup>(5)(7)</sup>	67	1,880	1,929	322	-	4,198
Chow Woo Mo Fong, Susan <sup>(7)</sup>	67	-	-	-	-	67
Edith Shih <sup>(7)</sup>	67	-	-	-	-	67
<b>Non-executive Directors</b>						
Qin Dingguo <sup>(6)</sup>	-	-	-	-	-	-
Zheng Dong <sup>(6)</sup>	-	-	-	-	-	-
Zhao Yingwei <sup>(3)(6)</sup>	-	-	-	-	-	-
Qi Zixin <sup>(6)</sup>	-	-	-	-	-	-
Ronald Joseph Arculli <sup>(3)(7)</sup>	135	-	-	-	-	135
<b>Independent Non-executive Directors</b>						
Liu Jipeng <sup>(3)(4)(6)</sup>	19	-	-	-	-	19
Cai Hongping <sup>(2)(6)</sup>	19	-	-	-	-	19
Yan Fashan <sup>(2)(4)(6)</sup>	19	-	-	-	-	19
Lo Wa Kei Roy <sup>(3)(6)</sup>	19	-	-	-	-	19
Kwan Kai Cheong <sup>(2)(3)(7)</sup>	154	-	-	-	-	154
Lam Lee G. <sup>(2)(3)(7)</sup>	154	-	-	-	-	154
Lan Hong Tsung, David <sup>(7)</sup>	67	-	-	-	-	67
Total - 2014	941	1,880	1,929	322	-	5,072

Notes:

(1) Chief Executive Officer

(2) Member/former member of the Remuneration Committee

(3) Member/former member of the Audit Committee

(4) Member of the Nomination Committee

(5) Director's fee received from the subsidiaries of the Company have been paid to the Company and are not included in the amounts above

(6) Appointed on 28 November 2014

(7) Resigned on 19 December 2014



## NOTES TO THE FINANCIAL STATEMENTS

### 13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

#### (a) Directors' emoluments (Continued)

Name of director	Director's fees HK\$'000	Basic salaries, allowances and benefits-in-kind HK\$'000	Discretionary bonuses HK\$'000	Provident fund contributions HK\$'000	Inducement or compensation fees HK\$'000	2013 Total emoluments HK\$'000
<b>Executive Directors</b>						
Fok Kin Ning, Canning <sup>(1)</sup>	90	-	-	-	-	90
Lai Kai Ming, Dominic	70	-	-	-	-	70
Tsui Kin Tung, Tony <sup>(2)</sup>	70	1,948	2,000	333	-	4,351
Chow Woo Mo Fong, Susan	70	-	-	-	-	70
Edith Shih	70	-	-	-	-	70
<b>Non-executive Director</b>						
Ronald Joseph Arculli <sup>(2)</sup>	140	-	-	-	-	140
<b>Independent Non-executive Directors</b>						
Kwan Kai Cheong <sup>(1)(2)</sup>	160	-	-	-	-	160
Lam Lee G. <sup>(1)(2)</sup>	160	-	-	-	-	160
Lan Hong Tsung, David	70	-	-	-	-	70
Total - 2013	900	1,948	2,000	333	-	5,181

Notes:

(1) Member of the Remuneration Committee

(2) Member of the Audit Committee

(3) Director's fee received from the subsidiaries of the Company have been paid to the Company and are not included in the amounts above

During the years ended 31 December 2014 and 2013, no director waived or agreed to waive any emoluments.

## NOTES TO THE FINANCIAL STATEMENTS

### 13 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

#### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) director whose emoluments are reflected in the analysis presented in Note 13(a) to the financial statements. The emoluments payable to the remaining four (2013: four) individuals for the year are as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Basic salaries, allowances and benefits-in-kind	<b>3,116</b>	3,036
Discretionary bonuses	<b>1,046</b>	820
Provident fund contributions	<b>303</b>	159
	<b>4,465</b>	4,015

The emoluments of the remaining four (2013: four) individuals with the highest emoluments for the year fell within the following bands:

<b>Emolument bands</b>	<b>Number of individuals</b>	
	<b>2014</b>	2013
HK\$1,500,001 – HK\$2,000,000	<b>1</b>	–
HK\$1,000,001 – HK\$1,500,000	<b>1</b>	2
< HK\$1,000,001	<b>2</b>	2

During the years ended 31 December 2014 and 2013, no emoluments were paid by the Group for any of the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

## NOTES TO THE FINANCIAL STATEMENTS

### 14 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 January 2014	4,388	648	2,164	804	8,004
Exchange translation differences	(43)	(6)	(18)	(8)	(75)
Additions	-	-	1,858	-	1,858
Disposals and write off	-	-	(12)	-	(12)
At 31 December 2014	4,345	642	3,992	796	9,775
<b>Accumulated depreciation and impairment</b>					
At 1 January 2014	495	323	1,805	562	3,185
Exchange translation differences	(3)	(2)	(17)	(4)	(26)
Charge for the year (Note 6)	216	134	161	63	574
Disposals and write off	-	-	(12)	-	(12)
At 31 December 2014	708	455	1,937	621	3,721
<b>Net book value</b>					
At 31 December 2014	3,637	187	2,055	175	6,054

## NOTES TO THE FINANCIAL STATEMENTS

### 14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 January 2013	4,251	628	1,826	779	7,484
Exchange translation differences	137	20	59	25	241
Additions	-	-	279	-	279
At 31 December 2013	4,388	648	2,164	804	8,004
<b>Accumulated depreciation and impairment</b>					
At 1 January 2013	267	180	1,669	482	2,598
Exchange translation differences	12	8	55	16	91
Charge for the year (Note 6)	216	135	81	64	496
At 31 December 2013	495	323	1,805	562	3,185
<b>Net book value</b>					
At 31 December 2013	3,893	325	359	242	4,819

The Group's interests in buildings at their net book values are analysed as follows:

	2014 HK\$'000	2013 HK\$'000
Leases of between 10 to 50 years Outside Hong Kong	3,637	3,893

## NOTES TO THE FINANCIAL STATEMENTS

### 15 INVESTMENT PROPERTIES

	2014 HK\$'000	2013 HK\$'000
<b>Valuation</b>		
At 1 January	1,039,946	1,007,448
Exchange translation differences	(10,074)	32,498
At 31 December	1,029,872	1,039,946

Notes:

(a) The Group's investment properties comprise:

	2014 HK\$'000	2013 HK\$'000
Leases of between 10 to 50 years Outside Hong Kong	1,029,872	1,039,946

(b) The table below analyses recurring fair value measurements for investment properties located in Mainland China. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

Fair value hierarchy	Quoted prices in active markets for identical assets Level 1 HK\$'000	Significant other observable inputs Level 2 HK\$'000	Significant unobservable inputs Level 3 HK\$'000	Total HK\$'000
At 31 December 2014				
Office units	-	-	1,029,872	1,029,872
At 31 December 2013				
Office units	-	-	1,039,946	1,039,946

There were no transfers between Levels 1, 2 and 3 during the year ended 31 December 2014 (2013: Nil). The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Investment properties have been fair valued as at 31 December 2014 by DTZ Debenham Tie Leung Limited, professional valuers. The fair value of the investment properties was determined based on, amongst other things, comparable market transactions, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

## NOTES TO THE FINANCIAL STATEMENTS

### 15 INVESTMENT PROPERTIES (CONTINUED)

Notes: (Continued)

(b) (Continued)

The valuations are derived using the income capitalisation method. This method is based on the capitalisation of net income with due allowance for outgoings and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

Information about fair value measurements based on Level 3 fair value hierarchy:

Description	Fair value at 31 December		Valuation technique	Significant unobservable inputs	Range of significant unobservable inputs		Relationship of unobservable inputs to fair value
	2014 HK\$'000	2013 HK\$'000			2014	2013	
Harbour Ring Plaza	839,732	847,946	Income capitalisation method	Capitalisation rate	8.5%	8.5%	The higher the capitalisation rate, the lower the fair value
				Rental rate	RMB130 - 220/ month/sq.m.	RMB120 - 220/ month/sq.m.	The higher the rental rate, the higher the fair value
Harbour Ring Huangpu Centre	190,140	192,000	Income capitalisation method	Capitalisation rate	8.5%	8.5%	The higher the capitalisation rate, the lower the fair value
				Rental rate	RMB80 - 200/ month/sq.m.	RMB80 - 200/ month/sq.m.	The higher the rental rate, the higher the fair value

### 16 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments.

	2014 HK\$'000	2013 HK\$'000
<b>Net book value</b>		
At 1 January	1,682	1,684
Exchange translation differences	(16)	54
Amortisation (Note 6)	(56)	(56)
At 31 December	1,610	1,682

The Group's leasehold land and land use rights comprise:

	2014 HK\$'000	2013 HK\$'000
Leases of between 10 to 50 years Outside Hong Kong	1,610	1,682

## NOTES TO THE FINANCIAL STATEMENTS

### 17 INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Unlisted investments, at cost	<b>659,085</b>	659,085

Particulars of the principal subsidiaries at 31 December 2014 are set out in Note 32 to the financial statements.

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

### 18 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Overseas listed debt securities, at fair value	<b>678,536</b>	1,278,110
Less: current portion	-	(1,118,523)
Non-current portion	<b>678,536</b>	159,587

The available-for-sale financial assets are denominated in United States dollars.

During the year ended 31 December 2014, the Group acquired from the market notes with aggregate principal amount of US\$50,000,000 (approximately HK\$390,000,000), due 13 January 2022 with a coupon rate of 4.625% per annum issued by a subsidiary of Hutchison Whampoa Limited at a total consideration of HK\$408,383,000 (2013: HK\$65,538,000); and acquired from the market notes with aggregate principal amount of US\$11,000,000 (approximately HK\$85,800,000), due 8 November 2022 with a coupon rate of 3.25% per annum issued by a subsidiary of Hutchison Whampoa Limited at a total consideration of HK\$82,585,000 (Note 29).

### 19 TRADE RECEIVABLES

At 31 December 2014 and 31 December 2013, trade receivables represented rental receivables for which no credit term has been granted. At 31 December, the aging analysis of trade receivables, net of provision, based on the date of invoice is as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
0-30 days	<b>1,745</b>	127
31-60 days	<b>19</b>	-
	<b>1,764</b>	127

## NOTES TO THE FINANCIAL STATEMENTS

### 19 TRADE RECEIVABLES (CONTINUED)

No interest is charged on the overdue trade receivables. The trade receivables included in the above aging are considered not impaired as these relate to a number of independent customers for whom there is no recent history of default. As of 31 December 2014, no trade receivables were impaired (2013: Nil).

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

### 20 CASH AND BANK DEPOSITS

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Bank deposits with maturity less than three months	<b>2,558,651</b>	3,831,759	<b>2,108,566</b>	3,428,021
Cash at banks and on hand	<b>46,929</b>	56,717	<b>5,313</b>	3,703
Cash and cash equivalents	<b>2,605,580</b>	3,888,476	<b>2,113,879</b>	3,431,724
Bank deposits with maturity over three months	<b>320,931</b>	289,317	-	-
	<b>2,926,511</b>	4,177,793	<b>2,113,879</b>	3,431,724

Bank balances of HK\$806,034,000 (2013: HK\$744,834,000) are denominated in Renminbi and are placed with banks in Mainland China. The remittance of these funds out of Mainland China is subject to exchange control restrictions imposed by the Chinese government. The remaining bank balances are mainly denominated in Hong Kong dollars or United States dollars.

### 21 DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

Included in deposits received, other payables and accruals at 31 December 2014 are rental deposits received of HK\$28 million (2013: HK\$27 million). During the year ended 31 December 2013, provisions of HK\$21 million were written back (Note 6).



## NOTES TO THE FINANCIAL STATEMENTS

### 22 DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes related to the same fiscal authority.

(a) The gross movement in the net deferred tax liabilities is as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
At 1 January	<b>177,860</b>	167,441
Exchange translation differences	<b>(2,825)</b>	4,164
Charge to income statement		
– current year provision	<b>11,311</b>	10,559
– write-back of deferred tax liabilities provided in prior years	–	(4,304)
At 31 December	<b>186,346</b>	177,860

(b) Analysis of net deferred tax liabilities:

	<b>Accelerated tax depreciation HK\$'000</b>	<b>Changes in fair value of investment properties HK\$'000</b>	<b>Other temporary differences HK\$'000</b>	<b>Total HK\$'000</b>
At 1 January 2014	<b>115,950</b>	<b>58,097</b>	<b>3,813</b>	<b>177,860</b>
Exchange translation differences	<b>(1,065)</b>	<b>(1,598)</b>	<b>(162)</b>	<b>(2,825)</b>
Charge to income statement	<b>8,712</b>	–	<b>2,599</b>	<b>11,311</b>
At 31 December 2014	<b>123,597</b>	<b>56,499</b>	<b>6,250</b>	<b>186,346</b>
At 1 January 2013	103,746	57,443	6,252	167,441
Exchange translation differences	3,447	654	63	4,164
Charge to income statement				
– current year provision	8,757	–	1,802	10,559
– write back of deferred tax liabilities provided in prior years	–	–	(4,304)	(4,304)
At 31 December 2013	115,950	58,097	3,813	177,860

## NOTES TO THE FINANCIAL STATEMENTS

### 22 DEFERRED TAX (CONTINUED)

- (c) The investment properties are held within a business model whose objective is to realise substantially all of the economic benefits embodied in the property overtime, rather than through sale.
- (d) Deferred tax assets are recognised for unused tax losses carried forward to the extent it is probable that future taxable profit will be available against which the unused tax losses can be utilised, based on all available evidence. The Group has not recognised deferred tax assets of HK\$17,428,000 (2013: HK\$15,345,000) in respect of the unused tax losses carried forward amounting to HK\$105,622,000 (2013: HK\$92,999,000). These amounts can be carried forward indefinitely.

### 23 SHARE CAPITAL

	2014		2013	
	Number of shares	Amount HK\$'000	Number of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	<b>20,000,000,000</b>	<b>2,000,000</b>	20,000,000,000	2,000,000
Issued and fully paid:				
At 1 January and 31 December	<b>8,968,140,707</b>	<b>896,814</b>	8,968,140,707	896,814

### 24 SHARE OPTIONS

The Company operates a share option scheme which was adopted in 2004. 123,750,000 and 33,000,000 share options were granted on 3 June 2005 and 25 May 2007 to certain directors and employees at the exercise price of HK\$0.822 and HK\$0.616 per share respectively. Share options are conditional on the employee completing the prescribed years of service. The share options are exercisable subject to, amongst other relevant vesting criteria, the vesting schedule of one-third on each of the first, second and third anniversaries of the date of grant of share options. The share options have a contractual option term of 10 years. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

During the year ended 31 December 2014, no (2013: Nil) share options were exercised and 800,000 (2013: Nil) share options had lapsed upon the close of the mandatory cash offers which arose from the change of controlling shareholders on 18 December 2014. No share options was outstanding at 31 December 2014. As at 31 December 2013, 800,000 share options were outstanding and exercisable.

## NOTES TO THE FINANCIAL STATEMENTS

### 24 SHARE OPTIONS (CONTINUED)

The fair value of share options granted on 3 June 2005 and 25 May 2007, determined using the Binomial valuation model, was as follows:

Date of grant of share options	25 May 2007	3 June 2005
Value of each share option	HK\$0.2565	HK\$0.2498
Significant inputs into the valuation model:		
Share price at grant date	HK\$0.61	HK\$0.82
Exercise price	HK\$0.616	HK\$0.822
Expected volatility ( <i>Note a</i> )	37.4%	31.7%
Expected life of share options	7 years	7 years
Expected dividend yield	0.98%	2.44%
Annual risk-free interest rate	4.318%	3.444%

Notes:

- (a) The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date.
- (b) Any change in the above variables adopted may affect the fair value estimation.

Movements in share options were as follows:

	Date of grant	Number of share options				
		At 1 January 2014	Granted	Exercised	Cancelled/ lapsed	At 31 December 2014
Employees in aggregate	3 June 2005	600,000	-	-	(600,000)	-
	25 May 2007	200,000	-	-	(200,000)	-
	Total	800,000	-	-	(800,000)	-

## NOTES TO THE FINANCIAL STATEMENTS

### 25 RESERVES

#### Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share-based compensation reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014	2,612,756	3,558	201	1,456	2,028,665	4,646,636
Profit for the year	-	-	-	-	96,093	96,093
Write back of unclaimed dividend	-	-	-	-	6	6
Share option lapsed	-	-	(201)	-	201	-
2013 final dividend paid	-	-	-	-	(197,299)	(197,299)
2014 interim dividend paid	-	-	-	-	(1,793,628)	(1,793,628)
At 31 December 2014	2,612,756	3,558	-	1,456	134,038	2,751,808
At 1 January 2013	2,612,756	3,558	201	1,456	2,150,258	4,768,229
Profit for the year	-	-	-	-	75,706	75,706
2012 final dividend paid	-	-	-	-	(197,299)	(197,299)
At 31 December 2013	2,612,756	3,558	201	1,456	2,028,665	4,646,636

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda (as amended).

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of subsidiaries when they were acquired by the Company and the nominal amount of the Company's share capital issued for the acquisition.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

As at 31 December 2014, the aggregate amount of reserves available for distribution to shareholders of the Company was HK\$135,494,000 (2013: HK\$2,030,121,000).

## NOTES TO THE FINANCIAL STATEMENTS

### 26 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

- (a) Reconciliation of operating profit to cash generated from operating activities before finance costs, tax paid and changes in working capital:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Operating profit	<b>120,018</b>	199,683
Adjustments for:		
Interest income	<b>(76,004)</b>	(103,928)
Gain on listed debt securities	<b>(7,440)</b>	-
Write back of provisions and others	-	(50,420)
Depreciation of property, plant and equipment	<b>574</b>	496
Amortisation of leasehold land and land use rights	<b>56</b>	56
	<b>37,204</b>	45,887

- (b) Changes in working capital:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Increase in trade and other receivables, deposits and prepayments	<b>(4,856)</b>	(632)
Increase/(decrease) in deposits received, other payables and accruals	<b>1,872</b>	(30,449)
	<b>(2,984)</b>	(31,081)

### 27 CAPITAL COMMITMENTS

The Group, as part of its annual budget process, budgets for future capital expenditures and these amounts are shown below. These budgeted amounts are subject to a rigorous authorisation process before the expenditure is committed.

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Authorised but not contracted for:		
- Property, plant and equipment	<b>560</b>	672
- Leasehold improvement	<b>5,500</b>	-
- Investment properties	<b>3,022</b>	2,969
Contracted but not provided for:		
- Investment properties	<b>1,009</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

### 28 OPERATING LEASES

- (a) At 31 December, the Group had future aggregate minimum lease receivables under non-cancellable operating leases in respect of investment properties as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Not later than one year	<b>75,479</b>	80,716
Later than one year and not later than five years	<b>130,658</b>	134,238
Later than five years	<b>3,214</b>	1,834
	<b>209,351</b>	216,788

- (b) At 31 December, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Not later than one year	<b>538</b>	146
Later than one year and not later than five years	<b>718</b>	-
	<b>1,256</b>	146

## NOTES TO THE FINANCIAL STATEMENTS

### 29 MATERIAL RELATED PARTY TRANSACTIONS

The Group had the following significant transactions during the year with related parties which were carried out in the normal course of business at terms determined and agreed by both parties, details of which are as follows:

- (a) No transaction has been entered with the directors and senior management of the Company during the year other than the emoluments paid to them (being the key management personnel compensation) as disclosed in Note 13.

#### Discontinued related parties transactions

- (b) The Group purchased notes issued by subsidiaries of Hutchison Whampoa Limited from the market at approximately HK\$408,383,000 in 2014, HK\$65,538,000 in 2013 and HK\$97,629,000 in 2012 respectively, due January 2022 with a coupon rate of 4.625% per annum; and at approximately HK\$82,585,000 in 2014, due November 2022 with a coupon rate of 3.25% per annum (Note 18). Net interest income recognised from 1 January 2014 to 5 November 2014 (the immediate date prior to the change of the controlling shareholders ownership)(the "Period") was approximately HK\$22,771,000 (2013: HK\$60,621,000).
- (c) Hutchison International Limited, a wholly-owned subsidiary of Hutchison Whampoa Limited, had been providing administrative and support services to the Group. The aggregate fees paid for the Period were approximately HK\$5,000,000 (2013: HK\$5,000,000).
- (d) During the Period, the Group paid rental expenses to subsidiaries of Hutchison Whampoa Limited of approximately HK\$416,000 (2013: HK\$439,000).

### 30 HOLDING COMPANY

Immediately before the change of controlling shareholders of the Company on 6 November 2014, the directors consider the ultimate holding company to be Hutchison Whampoa Limited, which is incorporated and listed in Hong Kong.

Immediately following the change of controlling shareholders of the Company on 6 November 2014, Tohigh Holdings Co., Ltd.\* (通海控股有限公司), a company incorporated in Mainland China, became the ultimate holding company of the Company, which is ultimately controlled by Mr. Lu Zhiqiang.

### 31 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 17 March 2015.

\* For identification purpose only

## NOTES TO THE FINANCIAL STATEMENTS

### 32 PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries at 31 December 2014 are as follows:

<b>Name of subsidiaries</b>	<b>Place of operations/ incorporation</b>	<b>Particulars of issued/registered capital</b>	<b>Group's effective interest (%)</b>	<b>Principal activity</b>
China Oceanwide Property International Limited (formerly known as "Grand Hover International Development Limited")	Hong Kong	HK\$2	100	Property investment
China Oceanwide Property Sino Limited (formerly known as "Harbour Ring Property Development Limited")	Hong Kong	HK\$1,000,000	100	Investment holding and provision of management services
China Oceanwide International Capital Investments Management Limited (formerly known as "Hutchison Harbour Ring Investments Limited")	British Virgin Islands	US\$100	100	Holding of debt securities
China Oceanwide Property International Holdings Limited (formerly known as "Jeanwell Development Limited")	Hong Kong	HK\$2	100	Property investment
China Oceanwide International Capital Hong Kong Limited (formerly known as "Mitsuda Corporation Limited")	Hong Kong	HK\$10,000	100	Provision of management services
China Oceanwide Property International Development Limited (formerly known as "P & H Development Limited")	Hong Kong	HK\$4,999,997 ordinary shares HK\$3 non-voting deferred shares	100	Investment holding and provision of management services
# Shanghai Gang Lu Real Estate Development Co., Ltd.	China	US\$16,000,000 registered capital	88	Property investment
# Shanghai Pu Gang Real Estate Development Co., Ltd.	China	US\$7,000,000 registered capital	80	Property investment

The non-voting deferred shares practically carry no rights to dividends or receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up.

# Sino-foreign equity joint ventures



## FIVE YEAR SUMMARY

	<b>2014</b>	2013	2012	2011	2010
	<b>HK\$'000</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Results</b>					
Revenue					
- Continuing operations	<b>94,414</b>	88,433	87,819	86,366	82,185
- Discontinued operations	-	-	-	-	54,405
	<b>94,414</b>	88,433	87,819	86,366	136,590
<b>Continuing operations</b>					
Operating profit	<b>120,018</b>	199,683	208,847	122,160	161,501
Finance costs	-	-	(762)	(1,788)	(1,767)
Profit before tax	<b>120,018</b>	199,683	208,085	120,372	159,734
Tax charge	<b>(22,271)</b>	(16,642)	(16,480)	(22,011)	(19,026)
Profit for the year from continuing operations	<b>97,747</b>	183,041	191,605	98,361	140,708
<b>Discontinued operations</b>					
Profit for the year from discontinued operations	-	-	-	-	19,554
Profit for the year	<b>97,747</b>	183,041	191,605	98,361	160,262
<b>Attributable to:</b>					
Non-controlling interests	<b>9,454</b>	8,295	9,445	7,359	8,262
Shareholders of the Company	<b>88,293</b>	174,746	182,160	91,002	152,000
	<b>97,747</b>	183,041	191,605	98,361	160,262
<b>Assets and liabilities</b>					
Total assets	<b>4,669,629</b>	6,552,711	6,612,192	6,736,410	6,790,906
Total liabilities	<b>(297,208)</b>	(297,195)	(336,763)	(453,749)	(462,673)
Net assets	<b>4,372,421</b>	6,255,516	6,275,429	6,282,661	6,328,233

## PARTICULARS OF MAJOR PROPERTIES

Particulars of major properties held by the Group which have been completed for existing use at 31 December 2014 are as follows:

### A. INVESTMENT PROPERTIES

Name/Location	Lease expiry	Type	Gross floor area (sq.m)	Attributable interest
1. Various units on levels 1-2, 5-7, 11, 15, 16, 20 & 21 and the whole of levels 3, 4, 14, 22 & 23, and 50 car parking spaces in the basement, Harbour Ring Huang Pu Centre, No. 98 Luhe Road, Huangpu District, Shanghai, China.	The land use term of the property is 50 years from 19 November 1992 to 18 November 2042	Commercial	9,344 (exclude car park)	80%
2. Various units on levels 4-6, 9-14, 17-18, 23-24 & 28 and the whole of levels 2 & 3 and 152 car parking spaces in the basement, Harbour Ring Plaza, No. 18 Xizang Zhong Road, Huangpu District, Shanghai, China.	The land use term of the property is 50 years from 1 August 1993 to 31 July 2043	Commercial	26,378 (exclude car park)	88%
3. Level 29 in Harbour Ring Plaza, No. 18 Xizang Zhong Road, Huangpu District, Shanghai, China.	The land use term of the property is 50 years from 1 August 1993 to 31 July 2043	Commercial	1,269	80%
4. Levels 31 and 32 in Harbour Ring Plaza, No. 18 Xizang Zhong Road, Huangpu District, Shanghai, China.	The land use term of the property is 50 years from 1 August 1993 to 31 July 2043	Commercial	1,629	100%

### B. OTHER PROPERTIES

Name/Location	Lease expiry	Type	Gross floor area (sq.m)	Attributable interest
Unit 1007 on level 10 in Harbour Ring Plaza, No. 18 Xizang Zhong Road, Huangpu District, Shanghai, China.	The land use term of the property is 50 years from 1 August 1993 to 31 July 2043	Commercial	229	88%

## INFORMATION FOR SHAREHOLDERS

<b>LISTING</b>	The ordinary shares of the Company are listed on The Stock Exchange of Hong Kong Limited								
<b>STOCK CODE</b>	715								
<b>PUBLIC FLOAT CAPITALISATION</b>	As at 31 December 2014: approximately HK\$1,732 million, representing 28.40% of the issued share capital of the Company								
<b>FINANCIAL CALENDAR</b>	<table><tr><td>2014 Final Results Announcement</td><td>17 March 2015</td></tr><tr><td>Closure of Registers of Members</td><td>14 May 2015 – 19 May 2015</td></tr><tr><td>Annual General Meeting</td><td>19 May 2015</td></tr><tr><td>2015 Interim Results Announcement</td><td>August 2015</td></tr></table>	2014 Final Results Announcement	17 March 2015	Closure of Registers of Members	14 May 2015 – 19 May 2015	Annual General Meeting	19 May 2015	2015 Interim Results Announcement	August 2015
2014 Final Results Announcement	17 March 2015								
Closure of Registers of Members	14 May 2015 – 19 May 2015								
Annual General Meeting	19 May 2015								
2015 Interim Results Announcement	August 2015								
<b>REGISTERED OFFICE</b>	Clarendon House, 2 Church Street, Hamilton HM11, Bermuda Telephone : +441 295 1422 Facsimile : +441 292 4720								
<b>HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS</b>	64th Floor, Bank of China Tower, 1 Garden Road, Hong Kong  Telephone : +852 3959 5500 Facsimile : +852 3585 8496								
<b>BERMUDA PRINCIPAL SHARE REGISTRAR</b>	MUFG Fund Services (Bermuda) Limited 26 Burnaby Street, Hamilton HM11, Bermuda Telephone : +441 299 3882 Facsimile : +441 295 6759								
<b>HONG KONG BRANCH SHARE REGISTRAR</b>	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East, Wan Chai, Hong Kong Telephone : +852 2862 8555 Facsimile : +852 2865 0990								
<b>INVESTOR INFORMATION</b>	Corporate press releases, financial reports and other investor information of the Group are available online at the website of the Company								
<b>INVESTOR RELATIONS CONTACT</b>	Please direct enquiries to: Chairman 64th Floor, Bank of China Tower, 1 Garden Road, Hong Kong Telephone : +852 3959 5500 Facsimile : +852 3585 8496								
<b>WEBSITE ADDRESS</b>	<a href="http://www.oceanwide.hk">www.oceanwide.hk</a>								